PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 525 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2012

COMPRISING PERIOD
14 March 2011—24 March 2011

PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS
LONDON—THE STATIONERY OFFICE LIMITED

£105
(Two parts not sold separately)

© Parliamentary Copyright House of Commons 2011
This publication may be reproduced under the terms of the Parliamentary Click-Use Licence, available online through The National Archives website at www.nationalarchives.gov.uk/information-management/our-services/parliamentary-licence-information.htm
Enquiries to The National Archives, Kew, Richmond, Surrey TW9 4DU; e-mail: psi@nationalarchives.gsi.gov.uk

ISBN 978 0 215 56340 8

Printed in the UK by The Stationery Office

HER MAJESTY'S GOVERNMENT

MEMBERS OF THE CABINET

(Formed by the Rt Hon. David Cameron, MP, May 2010)

Prime Minister, First Lord of the Treasury and Minister for the Civil Service—The Rt Hon. David Cameron, MP

Deputy Prime Minister and Lord President of the Council—The Rt Hon. Nick Clegg, MP

First Secretary of State and Secretary of State for Foreign and Commonwealth Affairs—The Rt Hon. William Hague, MP

Chancellor of the Exchequer—The Rt Hon. George Osborne, MP

Lord Chancellor and Secretary of State for Justice—The Rt Hon. Kenneth Clarke, QC, MP

Secretary of State for the Home Department and Minister for Women and Equalities—The Rt Hon. Theresa May, MP

Secretary of State for Defence—The Rt Hon. Liam Fox, MP

Secretary of State for Business, Innovation and Skills—The Rt Hon. Vince Cable, MP

Secretary of State for Work and Pensions—The Rt Hon. Iain Duncan Smith, MP

Secretary of State for Energy and Climate Change—The Rt Hon. Chris Huhne, MP

Secretary of State for Health—The Rt Hon. Andrew Lansley, CBE, MP

Secretary of State for Education—The Rt Hon. Michael Gove, MP

Secretary of State for Communities and Local Government—The Rt Hon. Eric Pickles, MP

Secretary of State for Transport—The Rt Hon. Philip Hammond, MP

Secretary of State for Environment, Food and Rural Affairs—The Rt Hon. Caroline Spelman, MP

Secretary of State for International Development—The Rt Hon. Andrew Mitchell, MP

Secretary of State for Northern Ireland—The Rt Hon. Owen Paterson, MP

Secretary of State for Scotland—The Rt Hon. Michael Moore, MP

Secretary of State for Wales—The Rt Hon. Cheryl Gillan, MP

Secretary of State for Culture, Olympics, Media and Sport—The Rt Hon. Jeremy Hunt, MP

Chief Secretary to the Treasury—The Rt Hon. Danny Alexander, MP

Leader of the House of Lords and Chancellor of the Duchy of Lancaster—The Rt Hon. Lord Strathclyde

Minister without Portfolio—The Rt Hon. Baroness Warsi

DEPARTMENTS OF STATE AND MINISTERS

Business, Innovation and Skills—

Secretary of State and President of the Board of Trade—The Rt Hon. Vince Cable, MP

Ministers of State—
The Rt Hon. David Willetts, MP (Minister for Universities and Science)
John Hayes, MP (Minister for Further Education, Skills and Lifelong Learning) §
Mark Prisk, MP
Lord Green of Hurstpierpoint (Minister for Trade and Investment)

Parliamentary Under-Secretaries of State—
Edward Davey, MP
Edward Vaizey, MP §
Baroness Wilcox

Cabinet Office—

Minister for the Cabinet Office and Paymaster General—The Rt Hon. Francis Maude, MP

Minister of State—The Rt Hon. Oliver Letwin, MP

Parliamentary Secretaries—
Mark Harper, MP
Nick Hurd, MP

Communities and Local Government—

Secretary of State—The Rt Hon. Eric Pickles, MP

Ministers of State—
The Rt Hon. Greg Clark, MP
The Rt Hon. Grant Shapps, MP (Minister for Housing and Local Government)

Parliamentary Under-Secretaries of State—
Andrew Stunell, OBE, MP
Robert Neill, MP
Baroness Hanham, CBE

Culture, Media and Sport—

SECRETARY OF STATE FOR CULTURE, OLYMPICS, MEDIA AND SPORT—The Rt Hon. Jeremy Hunt, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
John Penrose, MP
Hugh Robertson, MP (Minister for Sport and the Olympics)
Edward Vaizey, MP §

Defence—

SECRETARY OF STATE—The Rt Hon. Liam Fox, MP

MINISTER OF STATE—Nick Harvey, MP (Minister for the Armed Forces)

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Gerald Howarth, MP
The Rt Hon. Andrew Robathan, MP
Peter Luff, MP
Lord Astor of Hever, DL

Duchy of Lancaster—

LEADER OF THE HOUSE OF LORDS AND CHANCELLOR OF THE DUCHY OF LANCASTER—The Rt Hon. Lord Strathclyde

Education—

SECRETARY OF STATE—The Rt Hon. Michael Gove, MP

MINISTERS OF STATE—
Sarah Teather, MP
Nick Gibb, MP
John Hayes, MP (Minister for Further Education, Skills and Lifelong Learning) §

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Tim Loughton, MP
Lord Hill of Oareford

Energy and Climate Change—

SECRETARY OF STATE—The Rt Hon. Chris Huhne, MP

MINISTERS OF STATE—
Charles Hendry, MP
Gregory Barker, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—Lord Marland

Environment, Food and Rural Affairs—

SECRETARY OF STATE—The Rt Hon. Caroline Spelman, MP

MINISTER OF STATE—The Rt Hon. James Paice, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Richard Benyon, MP
Lord Henley

Foreign and Commonwealth Office—

SECRETARY OF STATE—The Rt Hon. William Hague, MP

MINISTERS OF STATE—
Jeremy Browne, MP
The Rt Hon. David Lidington, MP (Minister for Europe)
The Rt Hon. Lord Howell of Guildford

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Henry Bellingham, MP
Alistair Burt, MP

Government Equalities Office—

MINISTER FOR WOMEN AND EQUALITIES—The Rt Hon. Theresa May, MP §

MINISTER FOR EQUALITIES—Lynne Featherstone, MP §

Health—

SECRETARY OF STATE—The Rt Hon. Andrew Lansley, CBE, MP

MINISTERS OF STATE—
Paul Burstow, MP
Simon Burns, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Anne Milton, MP
Earl Howe

Home Office—

SECRETARY OF STATE AND MINISTER FOR WOMEN AND EQUALITIES—The Rt Hon. Theresa May, MP §

MINISTERS OF STATE—
Damian Green, MP (Minister for Immigration)
The Rt Hon. Nick Herbert, MP (Minister for Policing and Criminal Justice) §
The Rt Hon. Baroness Neville-Jones (Minister for Security)

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Lynne Featherstone, MP (Minister for Equalities) §
James Brokenshire, MP

International Development—

SECRETARY OF STATE—The Rt Hon. Andrew Mitchell, MP

MINISTER OF STATE—The Rt Hon. Alan Duncan, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—Stephen O'Brien, MP

Justice—

LORD CHANCELLOR AND SECRETARY OF STATE—The Rt Hon. Kenneth Clarke, QC, MP

MINISTERS OF STATE—
The Rt Hon. Lord McNally
The Rt Hon. Nick Herbert, MP (Minister for Policing and Criminal Justice) §

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Crispin Blunt, MP
Jonathan Djanogly, MP

Law Officers—

ATTORNEY-GENERAL—The Rt Hon. Dominic Grieve, QC, MP

SOLICITOR-GENERAL—Edward Garnier, QC, MP

ADVOCATE-GENERAL FOR SCOTLAND—The Rt Hon. Lord Wallace of Tankerness, QC

Leader of the House of Commons—

LEADER OF THE HOUSE OF COMMONS AND LORD PRIVY SEAL—The Rt Hon. Sir George Young, MP

PARLIAMENTARY SECRETARY—David Heath, CBE, MP

Northern Ireland—

SECRETARY OF STATE—The Rt Hon. Owen Paterson, MP

MINISTER OF STATE—The Rt Hon. Hugo Swire, MP

Privy Council Office—

DEPUTY PRIME MINISTER AND LORD PRESIDENT OF THE COUNCIL—The Rt Hon. Nick Clegg, MP

Scotland Office—

SECRETARY OF STATE—The Rt Hon. Michael Moore, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—The Rt Hon. David Mundell, MP

Transport—

SECRETARY OF STATE—The Rt Hon. Philip Hammond, MP

MINISTER OF STATE—The Rt Hon. Theresa Villiers, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Norman Baker, MP
Mike Penning, MP

Treasury—

PRIME MINISTER, FIRST LORD OF THE TREASURY AND MINISTER FOR THE CIVIL SERVICE—The Rt Hon. David Cameron, MP

CHANCELLOR OF THE EXCHEQUER—The Rt Hon. George Osborne, MP

CHIEF SECRETARY—The Rt Hon. Danny Alexander, MP

FINANCIAL SECRETARY—Mark Hoban, MP

EXCHEQUER SECRETARY—David Gauke, MP

ECONOMIC SECRETARY—Justine Greening, MP

COMMERCIAL SECRETARY—Lord Sassoon

PARLIAMENTARY SECRETARY—The Rt Hon. Patrick McLoughlin, MP

LORDS COMMISSIONERS—
Michael Fabricant, MP
Angela Watkinson, MP
Jeremy Wright, MP
Brooks Newmark, MP
James Duddridge, MP

ASSISTANT WHIPS—
Philip Dunne, MP
Stephen Crabb, MP
Robert Goodwill, MP
Shailesh Vara, MP
Bill Wiggin, MP
Chloe Smith, MP
Norman Lamb, MP
Mark Hunter, MP

Wales Office—

SECRETARY OF STATE—The Rt Hon. Cheryl Gillan, MP

PARLIAMENTARY UNDER-SECRETARY OF STATE—David Jones, MP

Work and Pensions—

SECRETARY OF STATE—The Rt Hon. Iain Duncan Smith, MP

MINISTERS OF STATE—
The Rt Hon. Chris Grayling, MP
Steve Webb, MP

PARLIAMENTARY UNDER-SECRETARIES OF STATE—
Maria Miller, MP
Lord Freud

Her Majesty's Household—

LORD CHAMBERLAIN—The Rt Hon. Earl Peel, GCVO, DL

LORD STEWARD—The Earl of Dalhousie

MASTER OF THE HORSE—Lord Vestey, KCVO

TREASURER—The Rt Hon. John Randall, MP

COMPTROLLER—The Rt Hon. Alistair Carmichael, MP

VICE-CHAMBERLAIN—The Rt Hon. Mark Francois, MP

CAPTAIN OF THE HONOURABLE CORPS OF GENTLEMEN-AT-ARMS—The Rt Hon. Baroness Anelay of St Johns, DBE

CAPTAIN OF THE QUEEN'S BODYGUARD OF THE YEOMEN OF THE GUARD—The Rt Hon. Lord Shutt of Greetland, OBE

BARONESSES IN WAITING—Baroness Garden of Frognal, Baroness Northover, Baroness Rawlings, Baroness Verma

LORDS IN WAITING—Earl Attlee, Lord De Mauley, TD, Lord Taylor of Holbeach, CBE, Lord Wallace of Saltaire

§ *Members of the Government listed under more than one Department*

SECOND CHURCH ESTATES COMMISSIONER, REPRESENTING CHURCH COMMISSIONERS—Tony Baldry, MP

HOUSE OF COMMONS

THE SPEAKER—The Rt Hon. John Bercow, MP

CHAIRMAN OF WAYS AND MEANS—Lindsay Hoyle, MP

FIRST DEPUTY CHAIRMAN OF WAYS AND MEANS—Nigel Evans, MP

SECOND DEPUTY CHAIRMAN OF WAYS AND MEANS—The Rt Hon. Dawn Primarolo, MP

PANEL OF CHAIRS

Mr David Amess, MP, Hugh Bayley, MP, Mr Joe Benton, MP, Mr Clive Betts, MP, Mr Peter Bone, MP, Mr Graham Brady, MP, Annette Brooke, MP, Martin Caton, MP, Mr Christopher Chope, MP, Katy Clark, MP, Mr David Crausby, MP, Philip Davies, MP, Jim Dobbin, MP, Mr Roger Gale, MP, Mr James Gray, MP, Mr Mike Hancock, MP, Mr Dai Havard, MP, Mr Philip Hollobone, MP, Mr Jim Hood, MP, The Rt Hon. George Howarth, MP, Mr Edward Leigh, MP, Dr William McCrea, MP, Miss Anne McIntosh, MP, Mrs Anne Main, MP, Mr Alan Meale, MP, Sandra Osborne, MP, Albert Owen, MP, Mrs Linda Riordan, MP, John Robertson, MP, Andrew Rosindell, MP, Mr Lee Scott, MP, Jim Sheridan, MP, Mr Gary Streeter, MP, Mr Andrew Turner, MP, Mr Charles Walker, MP, Mr Mike Weir, MP, Hywel Williams, MP

HOUSE OF COMMONS COMMISSION

The Rt Hon. The Speaker (Chairman), The Rt Hon. Hilary Benn, MP, Sir Paul Beresford, MP, Mr Frank Doran, MP, John Thurso, MP, The Rt Hon. Sir George Young, MP

SECRETARY OF THE COMMISSION—Dorian Gerhold

ASSISTANT SECRETARY—Robert Cope

ADMINISTRATION ESTIMATE AUDIT COMMITTEE

Alex Jablonowski (Chairman), The Rt Hon. Hilary Benn, MP, The Rt Hon. Sir Alan Haselhurst, MP, John Thurso, MP, Stephen Brooker, Mark Clarke

SECRETARY OF THE AUDIT COMMITTEE—Gosia McBride

MANAGEMENT BOARD

Malcolm Jack, PhD (Chief Executive), Robert Rogers (Director General, Chamber and Committee Services), John Pullinger (Director General, Information Services), Andrew Walker (Director General, Resources), John Borley, CB (Director General, Facilities), Joan Miller (Director of Parliamentary ICT) (External Member), Alex Jablonowski (External Member)

SECRETARY OF THE MANAGEMENT BOARD—Matthew Hamlyn

SPEAKER'S SECRETARY—Kate Emms

SPEAKER'S COUNSEL—Michael Carpenter

SPEAKER'S CHAPLAIN—Rev. Rose Hudson-Wilkin

PARLIAMENTARY COMMISSIONER FOR STANDARDS—John Lyon, CB

PARLIAMENTARY SECURITY CO-ORDINATOR—Peter Mason

14 March 2011

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 525**

SIXTEENTH VOLUME OF SESSION 2010-2012

House of Commons

Monday 14 March 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

Afghanistan

1. **Tom Brake** (Carshalton and Wallington) (LD): What recent assessment he has made of the security situation in Afghanistan; and if he will make a statement. [45696]

The Secretary of State for Defence (Dr Liam Fox): The whole House will want to join me in paying tribute to Lance Corporal Stephen McKee, from 1st Battalion The Royal Irish Regiment, who was killed in Afghanistan on 9 March. The House will want to join me in paying tribute also to the station commander of RAF Northolt, Group Captain Tom Barrett, who was killed in a road traffic accident on the evening of Thursday 10 March. Many members of the current and former Governments will have known him well. Both men served their country with honour and distinction, and our thoughts and prayers are with their friends, colleagues and families at this very difficult time.

The security situation in Afghanistan varies significantly across the country. About 64% of violent incidents take place in just three of Afghanistan's 34 provinces, Helmand, Kandahar and Kunar, which have about 11% of the total population. The insurgency's heartland remains in the south. The increases in the international security assistance force and Afghan national security force have helped us to make real progress over the winter in all aspects of our counter-insurgency operations: security, governance, and development.

Tom Brake: I join the Secretary of State in his tributes to our fallen soldiers.

The security situation in Afghanistan may have a permanent impact on service personnel after the conflict. Taking into account valuable lessons learned from previous conflicts, such as the Falklands, whereby more servicemen took their own lives afterwards than died during fighting, what measures are in place to support servicemen and women who experience mental health or social problems either during or after the conflict?

Dr Fox: My hon. Friend makes a very valuable point. It is all too easy to see the physical scars of war; it is much more difficult to see the mental scars of war. It is because of the importance given to the matter by the Government that, cross-departmentally, we are making more funding available to mental health projects for our armed forces. We are looking at the scientific evidence available to see whether we can better target that help, but the measures that we are putting in place include the new phone line for service personnel.

Mr Geoffrey Robinson (Coventry North West) (Lab): The Secretary of State will recall that on 14 February he made a moderate and encouraging statement to the House, saying that he thought that the second half of this year would be a good time to make a political push towards a settlement. He also said that we would pay a heavy price if we failed to take the opportunity that would then occur. He has since no doubt seen the Defence Committee's report, which says that at the moment the Americans seem disinclined to pursue a

political settlement. Can he assure the House that he will use his best endeavours to encourage the Americans to take the course that he has recommended?

Dr Fox: I am not sure that I am required to make efforts to get the Americans to make such a change in their posture, as the hon. Gentleman describes it. In fact, I spoke to Secretary Gates at the ISAF meeting in Brussels at the weekend, and it is very clear that we are all now moving together. The process of transition, including which parts of Afghanistan will undertake that transition, will be announced by President Karzai on 21 March.

Mr John Baron (Basildon and Billericay) (Con): The Defence Secretary brings a welcome dose of realism to his post, but given that counter-insurgency operations in the past, such as in Malaya, suggest that not one of the pre-conditions for success exists in Afghanistan today, why does he think this is going to be different, and why does he think that we are going to beat the Taliban?

Dr Fox: Our aim in Afghanistan has been to create a stable enough Afghanistan so that it is able to manage its own internal and external security without the need to rely on the international community. We have put in place improvements in governance, as well as an improvement in the security position. We have seen a big increase in the size and capability of the Afghan national security force, which should enable Afghanistan to maintain that position when the international community leaves in an active role.

North Africa

2. **Mr David Hanson** (Delyn) (Lab): What recent assessment he has made of the potential role of UK armed forces in north Africa. [45697]

The Secretary of State for Defence (Dr Liam Fox): The Government keep plans for the use of our armed forces under constant review, and planning with our NATO partners is also ongoing. A number of contingency plans with respect to Libya are being considered by NATO, including further humanitarian assistance, enforcing an arms embargo and the implementation of a no-fly zone. No decisions have yet been taken and no assets have yet been committed.

Mr Hanson: Will the Secretary of State confirm that, prior to any no-fly zone in Libya being undertaken, he will get the support of the United Nations and the Arab League to achieve that objective? Will he also look at the resources in the strategic defence review to ensure that our troops and our aircraft have the support of air force personnel and aircraft to meet those objectives?

Dr Fox: The Government have made it clear, alongside our NATO allies, that in relation to a no-fly zone, three criteria have to be met: there has to be a demonstrable need; there has to be a clear legal basis; and there has to be involvement of the countries in the region. Clearly, we would not be planning if we did not have the assets readily available for the task.

Mr James Arbuthnot (North East Hampshire) (Con): On Friday, the BBC carried a report that two Nimrod R1 aircraft, which had been due to come out of service at the end of this month, had been reprieved, at least until June. Was it true? Are there any other recent decisions that are being reconsidered or perhaps should be reconsidered as events in the Arab world unfold?

Dr Fox: As I have just said, we always ensure that the assets are available. I asked the armed forces to look at whether we could have a temporary extension for the R1 until we were sure that we had sufficient alternative assets to be able to provide us with the same capability. That work is being undertaken at the moment.

Mr Jim Murphy (East Renfrewshire) (Lab): We all pay tribute to the work that our forces are carrying out in and around Libya at the moment, and we support the Government's work in attempting to achieve a no-fly zone. However, there remain serious issues about earlier decisions, not least on HMS Cumberland, which has done so much off Benghazi, but whose next journey will be to be decommissioned. Also, some Nimrod aircraft that were previously bound for scrap may have won a temporary reprieve. Given that the National Audit Office report says that the RAF currently has only

"eight pilots who are capable of undertaking ground attack missions on Typhoon",

and that that will not be sufficient in future, why does the Secretary of State think it is right to sack almost 200 trainee pilots?

Dr Fox: As I have said repeatedly in the House, we have had to reduce the number of aircraft available for the future as part of the strategic defence and security review, not least because of the budgetary position that we inherited. It does no good whatsoever to the credibility of the Opposition to complain about reductions made as a result of their budgetary incompetence when they will not tell us what their budget would be or what cuts they would support or not support.

Mr Murphy: The Secretary of State should spare us the lecture. This from a Government who allow soldiers to be sacked by e-mail, whose actions mean that this week, for the first time in decades, we do not have the ability to put an aircraft carrier to sea, and who will not guarantee that anyone currently serving in Afghanistan will be exempt from being sacked. The defence review was rushed; it has not survived the first contact with world events. Three words missing from it were Tunisia, Egypt and Libya. Many experts are worried about new gaps in capability. Will the Secretary of State guarantee that there will be no future cuts in military capability in the lifetime of this Parliament?

Dr Fox: The word missing from the right hon. Gentleman's comments was "sorry"—sorry for the position in which he left our armed forces, with an MOD budget massively over-committed at £158 billion. What Labour Members still have not recognised is that their own economic incompetence is a liability for this country's national security in the long term. We are taking the measures to put this country back on a firm footing in a way that they never could and never had the courage to do.

Industrial, Security and Technology Policy

3. **Paul Maynard** (Blackpool North and Cleveleys) (Con): What recent progress his Department has made on its consultation on the defence industrial, security and technology policy Green Paper. [45698]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): Our Green Paper, "Equipment, Support, and Technology for UK Defence and Security: A Consultation Paper", was published on 20 December 2010, and progress on the consultation is encouraging. Ministers have engaged extensively with a wide range of interested parties, including right hon. and hon. Members of this House and of the House of Lords. Last week, a consultation conference took place at which over 200 people from industry, academia, service providers, trade bodies and the public discussed the Green Paper issues with Ministers and senior officials. I encourage anyone interested to send in their views on the issues outlined in the Green Paper before the consultation period ends on 31 March 2011.

Paul Maynard: Can the Minister give me an assurance that he will give due weight to the need to have a steady and constant stream of graduates in the complex scientific disciplines that underpin the research and development work on which the future of our defence industry rests?

Peter Luff: I am delighted to give my hon. Friend precisely that assurance. I am constantly amazed and delighted by the excellent work done by our scientists. I am in regular discussions with my colleagues in other Departments to ensure precisely that outcome, and he is right to highlight its importance.

Mr Bob Ainsworth (Coventry North East) (Lab): Does the Minister share with his colleagues in industry his plans to cut the science and technology budget by £80 million? Will he tell the House how much impact that will have on our future ability to develop military capability?

Peter Luff: It grieves me that the right hon. Gentleman, whom I hold in considerable regard and esteem, should ask such a question after the monstrous slashing of the science budget under the previous Government. Last year alone, £100 million was taken from the science budget by his party and his Government. I am glad to tell him that the science budget has been largely protected—*[Interruption.]* It has been largely protected from the massive problems that we inherited from him and his colleagues on the Opposition Front Bench. The budget will rise in cash terms over the spending round period. That is a remarkably successful outcome, and I am delighted by and proud of it.

Mark Menzies (Fylde) (Con): Is the Minister in a position to update the House on the Government's proposals to support the unmanned aerial vehicles programme, because that has a direct link to the skills that my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) spoke about?

Peter Luff: My hon. Friend is right to highlight the importance of protecting skills in the fixed-wing sector in general. I cannot give him that update at present, but good work is proceeding in this area and there are some very interesting things that I hope to report to the House in the relatively near future.

Michael Dugher (Barnsley East) (Lab): At last week's consultation conference on the Government's Green Paper, which was hosted by the Minister, Mr Neil Stansfield, the head of security and counter-terrorism, science and technology at the Home Office, warned the Government of the dangers of taking equipment "capability holidays", and argued that it is not possible to dip in and dip out. In light of that, do the Government think that it is wise to take a nine-year capability holiday in carrier strike, a decision that the noble Lord Ashdown described at the weekend as "illogical"?

Peter Luff: They just don't get it, do they? We do not wish to have that capability gap, but were forced to take additional risks in the defence budget because of the mess we inherited from the Labour party. I regret that and do not welcome it, but it is a risk that we have to take.

International Arms Trade

4. **Dr Julian Huppert** (Cambridge) (LD): What assessment he has made of the implications for his Department's policies of proposals for further regulation of the international trade in arms; and if he will make a statement. [45699]

The Minister for the Armed Forces (Nick Harvey): We strongly support proposals for an arms trade treaty. It should reduce the proliferation of conventional weapons and technology in unstable regions. By agreeing and implementing criteria that set high standards for the export of conventional weapons and technology, the Government maintain a rigorous and transparent arms export control system, whereby all export licence applications are assessed case by case against the consolidated EU and national arms export licensing criteria. The arms trade treaty will better regulate the international trade in conventional weapons and contribute towards preventing conflict, which is a key interest for the Department.

Dr Huppert: Our Government should be congratulated on their strong role in the international arms trade treaty talks in New York last week, which will lead to a great improvement around the world. However, does the Minister accept that sales of British defence and security equipment, licensed under this Government and the previous Government, to countries such as Libya and Bahrain show that we need to take a far more careful look at our exports, as well as advising the rest of the world?

Nick Harvey: I agree with my hon. Friend that the progress towards an arms trade treaty is encouraging. The recent preparatory committee meeting certainly went well. As I have said, the UK maintains rigorous controls. Clearly, the changing political situation means that we will have to monitor sales to various countries far more closely. When considering future export licensing applications, we will follow the terms of the newly agreed UN arms embargo in the case of Libya. In terms of other countries, such sales have been going on for

some time, as my hon. Friend said, but I am pleased to say that there have been no recent sales to Bahrain, for example.

Mr John Spellar (Warley) (Lab): We should all welcome the advances towards an international treaty. However, I urge the Minister to point out to the hon. Member for Cambridge (Dr Huppert) the huge importance of the British aerospace industry to the economy not only of the country, but of the regions where it employs many thousands of skilled workers. In that context, the criteria for deciding to whom we sell should be current criteria. For example, we should consider the huge advances made in Indonesia under President Yudhoyono, not only in its economy, but in human rights and democracy in that country. Will there be an up-to-date assessment of which countries are appropriate?

Nick Harvey: We keep under constant review the progress made in different parts of the world, and apply that against the criteria. I assure the right hon. Gentleman that the Government recognise the significance of defence exports and the rigorous controls that are in place. Exports bring great value to the economy, industry and defence. They contribute not only to our defence diplomacy, but to the interoperability of our systems with those of our allies around the world.

Nuclear Deterrent

5. **Julie Hilling** (Bolton West) (Lab): How much of the sum allocated by his Department to the Trident replacement concept phase has been transferred from its budget for the assessment phase. [45700]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): The concept phase for the programme to replace the Vanguard submarine was extended to allow potential designs to be developed more fully, and to allow the value for money of the programme to be reviewed. The previous Government approved a sum of about £255 million for that extension, and this January the coalition Government authorised an additional sum of about £25 million.

Julie Hilling: On 19 October last year, the Prime Minister said that

"a proper full replacement of Trident is the right option for the future."—[*Official Report*, 19 October 2010; Vol. 516, c. 805.]

However, on 10 March, the Liberal Democrat chairman, the hon. Member for Westmorland and Lonsdale (Tim Farron), said:

"I'm pretty confident there will not be a full replacement."

Will the Minister please tell us what the formal, agreed coalition Government policy is on Trident replacement?

Peter Luff: The coalition Government are committed to the replacement of the Trident submarine, but our Liberal Democrat colleagues have the right to argue another position.

Mr Matthew Offord (Hendon) (Con): Can my hon. Friend assure the House that the decision set out in the strategic defence and security review will not alter the nature or credibility of our nuclear deterrent, and that it will ensure that we maintain Britain's ultimate insurance policy?

Peter Luff: I am delighted to give my hon. Friend that categorical reassurance.

Means of Identification (Licensing)

6. **David Mowat** (Warrington South) (Con): What recent representations he has received on the acceptance by licensed premises of his Department's form 90 as a means of identification. [45701]

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): Since this Government came into office, the Ministry of Defence has received a number of letters from Members of Parliament, including my hon. Friend, and from the public concerning the use of MOD form 90 as a means of identification for non-official purposes. I am delighted to confirm that we have now agreed to a change in policy, allowing service personnel to use their service identity card as proof of age, and have written to the relevant trade associations encouraging their members to accept it.

David Mowat: I thank the Minister for the answer and for the support that he has given my constituent, ex-Coldstream Guard Lance Reah, in his campaign on the matter over the past year. Does my hon. Friend agree that the change will have a big impact on the morale of our soldiers, and that the fact that the Opposition failed to make any progress on the matter in 13 years demonstrates that their actions do not match their words?

Mr Robathan: I can confirm to my hon. Friend that when I was serving in the Coldstream Guards it was a matter of some upset when young-looking soldiers who were prepared to lay their lives on the line were denied entry to pubs. I pay tribute to my hon. Friend for his campaign, and I am particularly pleased to see that I am on the front of "Warrington Matters" in connection with it. I do not think the photograph of me is very flattering, though.

Trident Replacement Programme

7. **Dr Julian Lewis** (New Forest East) (Con): What progress he has made on the implementation of the Trident replacement programme. [45702]

The Secretary of State for Defence (Dr Liam Fox): The programme to replace the Vanguard submarine completed the initial concept studies, and we expect an announcement on initial gate approval in the coming weeks. There remain ongoing discussions, which have simply taken longer than it was anticipated a few months ago. It is important, given the size of the project, that we get the decision right.

Dr Lewis: At a press conference organised by the anti-nuclear deterrent front organisation, the British American Security Information Council, a Liberal Democrat Defence Minister stated that a very thin paper trail had led to the last Government's decision to renew Trident. Does my right hon. Friend agree that the

White Paper produced by his Department and the last Government was actually a first-class piece of work, was recognised as such by my right hon. Friend who is now Prime Minister and gave every good argument for why we went into the Division Lobby with the Labour Government to support that renewal?

Dr Fox: The White Paper was a thorough piece of work. It was the basis on which the House made a considered decision on the issue, and I still believe that for the long-term well-being and security of the United Kingdom, a continuous at-sea, submarine-based, minimum-credible nuclear deterrent in the form of the replacement for the Trident programme is the best way forward.

Jeremy Corbyn (Islington North) (Lab): There seems to be a non-sequitur on the funding of the construction of this new weapon of mass destruction. In answers to me, the Secretary of State has pointed out that £300 million has been spent on advance orders for new steel and other things. In answer to my hon. Friend the Member for Bolton West (Julie Hilling) a few moments ago, however, the Government talked of a figure of £25 million. Where exactly has the authority come from, other than the honeyed words "custom and practice", for the expenditure of apparently up to £1 billion on preparation for the development of this new weapons system?

Dr Fox: On the broad picture, if we choose to go ahead on the dates set out since the White Paper—we have changed them slightly since coming into government—long-lead items need to be ordered. The Government have set out clearly that we believe that that is the best course for the UK. The main gate decision will be taken some time after 2015.

Angus Robertson (Moray) (SNP): Will the Secretary of State confirm whether UK nuclear submarines rely on back-up power supplies to run their coolant pumps, just like Japanese nuclear power stations? Is that why Commodore MacFarlane, the defence nuclear safety regulator, recently said that UK submarine reactor safety falls

"significantly short of benchmarked...good practice"?

Dr Fox: One decision in the Trident replacement will be whether we move to pressurised water reactor 3 for improved nuclear safety. The Government's view is that that is the preferred option, because those reactors give us a better safety outlook. That is a debate on both sides of the Atlantic, but we believe that in terms of safety, the case is very clear-cut.

NATO Reform

8. **Harriett Baldwin** (West Worcestershire) (Con): What recent assessment he has made of progress in the reform of NATO. [45703]

The Parliamentary Under-Secretary of State for Defence (Mr Gerald Howarth): The UK is a leading proponent of reform in NATO. Encouraging progress has been made over the past year, with agreement on streamlining NATO's command structure and supporting agencies and improvements to its financial management. However, swift implementation of the reforms will be key, as my right hon. Friend the Secretary of State made clear at the meeting of NATO Defence Ministers last week.

Harriett Baldwin: In addition to those reforms, the NATO Parliamentary Assembly has the capacity to help with democratic institution-building in countries such as those in north Africa which we hope are emerging into stronger parliamentary democracies. Did the Minister's discussions with NATO involve those capabilities?

Mr Howarth: I pay tribute to the NATO Parliamentary Assembly—indeed, I was speaking earlier to the right hon. and learned Member for North East Fife (Sir Menzies Campbell) who leads for the UK on that, and I would very much like to meet other Assembly representatives. However, I ought to point out that NATO is principally a military alliance. As my right hon. Friend the Secretary of State made clear last week, three principles will guide any intervention in Libya: demonstrable need, a clear legal mandate, and solid support from the region. That is the policy that NATO has adopted.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Does the Minister agree that NATO reform would be pretty meaningless unless we can convince our fellow NATO members to step up to the plate and spend 2% of gross domestic product on defence?

Mr Howarth: I have to agree wholeheartedly with the hon. Lady. That point has been made by the NATO Secretary-General to those recalcitrants, and by my right hon. Friend the Secretary of State to his counterparts. She is absolutely right and I am very pleased to support her.

Cyber-security

9. **Robert Halfon** (Harlow) (Con): What his policy is on cyber-security in the defence estate; and if he will make a statement. [45704]

12. **Geoffrey Clifton-Brown** (The Cotswolds) (Con): What his policy is on cyber-security in the defence estate; and if he will make a statement. [45707]

The Minister for the Armed Forces (Nick Harvey): As we set out in the strategic defence and security review, we attach a high priority to the cyber-defence of our systems. Since I last updated the House in December, we have made considerable progress in this area. Our new global operations and security control centre is now up and running, and we have commissioned a new monitoring system to detect cyber-attacks against our defence systems. We have also appointed a very senior military officer to lead a defence cyber-security programme to transform our approach over the next four years and to meet our SDSR commitments. The House will understand if I do not comment further on the detail of the measures we take to protect our systems, but we are not complacent—we must outmatch a rapidly changing threat.

Robert Halfon: Is the Minister aware of the concerns expressed by Dr Kim Howells, former Chairman of the Intelligence and Security Committee, regarding the close links between BT and the Chinese telecoms firm, Huawei,

which has close links to the red army? Does the Minister agree that that could make us more vulnerable to cyber-attack from China, and what steps can he take to reduce that risk?

Nick Harvey: The recent Green Paper on equipment, support and technology identified cyberspace as both one of the benefits and one of the risks of the modern world. We are developing a joint approach with industry because of our mutual reliance on networks, which gives us the opportunity to discuss with BT and others both those benefits and the risks to which the hon. Gentleman alludes.

Geoffrey Clifton-Brown: Given that the important threat from cyberspace affects both the private and public sectors, what steps is my hon. Friend taking to encourage innovative solutions from the private sector to help the public sector?

Nick Harvey: We have started a relationship with the private sector, and there has been an initial meeting with private sector leaders at Downing street. It is essential that we have the maximum co-operation between the private and public sectors, because many of the networks on which public services depend are managed under contract by the private sector. It is also essential that there is good international engagement with our allies, and there will be new memorandums of understanding with some of them shortly.

Chris Bryant (Rhondda) (Lab): In the light of allegations that I gather will be made tonight on the "Panorama" programme that the *News of the World* was hacking into mobile phones and computers used by the Army in Northern Ireland, will the Minister ensure that the security of mobile telephones used by the Army will be protected from newspapers as well as from other agents?

Nick Harvey: The hon. Gentleman makes a good point, and we will do everything we can to ensure the maximum security of all our communication methods.

Mr Russell Brown (Dumfries and Galloway) (Lab): With the reporting of an ever increasing number of cyber-attacks and the increasing costs of such attacks, will the Minister confirm that the £650 million announced in the SDSR for cyber-security has been ring-fenced for new capabilities? Will he also confirm the time scale for full delivery of those capabilities?

Nick Harvey: The money to which the hon. Gentleman alludes covers the whole SDSR period. It is new money intended to help prime the efforts of both the public and private sectors, as I said a moment ago, to ensure that the nation as a whole has in place the maximum possible defences over the next few years. It is a fast-changing scene, and it is essential that we keep up with the ever changing threat.

Harmonisation Project

10. **Mr David Ruffley** (Bury St Edmunds) (Con): What progress his Department has made on the joint search and rescue harmonisation project; and if he will make a statement. [45705]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): My right hon. Friend the Secretary of State for Transport announced the cancellation of the previous procurement process on 8 February. The Department for Transport and the Ministry of Defence are now considering the potential procurement options to meet the future requirements for search and rescue helicopters in the United Kingdom. We will make a further announcement once a way forward has been agreed.

Mr Ruffley: I know that the Minister is aware of the great concern in the search and rescue service, particularly at Wattisham in my constituency. Does he agree that a private finance initiative route might not necessarily be the most cost-effective way forward in reforming such services?

Peter Luff: I am delighted to pay tribute to the strong and close interest that my hon. Friend has taken in this issue, not least because of his close constituency interest. I can confirm that we are beginning again with a blank sheet of paper. We have learned the lessons from the previous process, which has been so unfortunately terminated, and will look again at what is the correct procurement route. That will include a thorough review of whether PFI is right for this particular procurement.

Sir Alan Beith (Berwick-upon-Tweed) (LD): What is the mechanism for making the decision? Would it not make more sense if the Department for Transport acted as the purchaser and the MOD put forward a bid to continue the involvement of the RAF and the Navy in the provision of the service?

Peter Luff: I understand the interesting point that my right hon. Friend makes. The present intention is that current procurement arrangements should be stuck to, and I have every confidence that the defence, equipment and support organisation at Abbey Wood can do an excellent job of it this time.

RAF Machrihanish

11. **Mr Alan Reid** (Argyll and Bute) (LD): What plans he has for the future of RAF Machrihanish; and if he will make a statement. [45706]

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): The disposal of RAF Machrihanish was announced in October 2008, and it will be sold as soon as possible. We are currently committed to working with the local community body to achieve a sale under Scottish community right to buy legislation. A final decision from the Scottish Executive on whether the community can proceed is awaited.

Mr Reid: As the Minister will know, the main problem is the age and condition of the water supply system. I hope that the MOD will continue to work with the Scottish Government, the local council and the Machrihanish airbase community company to ensure that it will be viable for the community company to buy the base and use the facilities to regenerate the local economy. This is an ideal big society project. Will he meet me to discuss the matter further?

Mr Robathan: I would be very happy to meet the hon. Gentleman. He is quite right. For more than two years, the MOD has been trying to dispose of this site, and the sooner we can do so the better for all concerned.

Sir Menzies Campbell (North East Fife) (LD): The Minister will know that Machrihanish is not the only Royal Air Force base in Scotland facing uncertainty. Is he aware that aircraft have yet again had to be scrambled from RAF Leuchars to protect our airspace from unwelcome intrusion? Will he therefore ignore the siren voices apparently emanating from the Treasury which would put both the base and that capability at risk?

Mr Speaker: Order. I know that the Minister will want to focus his answer on the question on the Order Paper, while skilfully referring to the concerns expressed by the right hon. and learned Gentleman.

Mr Robathan: I will concentrate on the disposal of Machrihanish, but also say—if I may, Mr Speaker—that the future of bases in Scotland, about which the right hon. and learned Gentleman is rightly concerned, is being looked at carefully, and announcements will be made soon.

Strategic Planning

13. **Laura Sandys** (South Thanet) (Con): What resources his Department has allocated to strategic planning in 2010-11. [45708]

The Secretary of State for Defence (Dr Liam Fox): At departmental level, strategic planning is overseen by the director general, strategy. He has 51 military and 75 civilian staff, and an overall budget for 2010-11 of some £12 million. If my hon. Friend is interested, I recommend that she should read the excellent report by the Select Committee on Administration.

Laura Sandys: I have certainly read the executive summary. Does the Secretary of State agree that we should continue to maintain a focus on building our risk assessment strategic planning and scenario capacity, to ensure that we can anticipate the future in a changing environment and the threats to our national interest?

Dr Fox: My hon. Friend is entirely right, and that is why in the strategic defence and security review we chose an adaptable posture for the UK's defence and security. We specifically rejected the concepts of fortress Britain or an over-committed Britain, which would result in a lack of agility. The events of recent days have shown how unpredictable the external environment can be. That is why we were correct to maintain that flexibility and agility in our armed forces.

Mr Kevan Jones (North Durham) (Lab): A week ago 50 senior military figures called for the SDSR to be reopened. They signed a letter saying that the SDSR

"seems to have been driven by financial rather than military considerations".

However, when the Secretary of State gave evidence to the Defence Select Committee last week, he refused to deny reports that the Ministry of Defence was facing another £1 billion of cuts. Is it not becoming clear that it is the Chancellor of the Exchequer who is in the driving seat in the MOD, not the Secretary of State?

Dr Fox: If we have financial difficulties in the MOD or elsewhere in the Government, we know where they came from. When we look across what we do in the Ministry of Defence—and, indeed, in the rest of Government—we look to see what risks the UK may face and how we might best mitigate them. We have decided that the United Kingdom needs an adaptable posture, and we have therefore decided to build flexibility into the programmes leading to Future Force 2020, which I believe provides the best security for this country.

Defence Equipment

14. **Gordon Henderson** (Sittingbourne and Sheppey) (Con): If he will assess the merits of placing currently unrequired defence equipment in reserve. [45709]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): A wide range of options are routinely considered for all defence equipment that is not required for operational use. They include extended readiness, long-term preservation, sale and disposal. In relation to preservation, we take into account factors such as the threats against which regeneration of the capability would be predicated; the cost and practicality of preservation arrangements, which may be significant; and the lead time and costs for ensuring that suitably trained personnel could be made available to operate the equipment.

Gordon Henderson: I welcome the Minister's answer, but I am a bit concerned about cost. The shipping industry often lays up ships at minimal cost for a number of years, using small maintenance teams and dehumidifiers. Given recent events in north Africa, does my hon. Friend agree that keeping Britain's reserve defences strong enough to meet unexpected challenges ought to be a priority, especially if it can be done at minimal cost to the taxpayer?

Peter Luff: Nothing would give me and my ministerial colleagues more pleasure than to be able to keep all decommissioned equipment in storage, but we can do so only when it makes sense financially and strategically. Sadly, it is not as simple as switching off the engine and placing the kit in an air-conditioned environment. We need to be able to maintain the equipment, retain and maintain stores, have personnel trained to use it and—something my hon. Friend may not be aware of—pay the cost of capital needed to hold it in reserve. Sadly, it is more complicated in the MOD than it is in the private sector.

Libya

15. **Toby Perkins** (Chesterfield) (Lab): What assessment he has made of the effectiveness of his Department's contribution to the operation to evacuate UK nationals from Libya; and if he will make a statement. [45710]

The Secretary of State for Defence (Dr Liam Fox): My right hon. Friends the Prime Minister and the Foreign Secretary have already paid tribute to the members of the armed forces and the diplomatic service and all those who put themselves in harm's way to help our people to leave safely. I would like to add my thanks to all those involved, in particular the members of the

armed forces and civilian personnel, who demonstrated courage and professionalism in the co-ordinated effort to rescue British and other nationals from the crisis. The Ministry of Defence utilised a range of assets to support the Foreign Office-led operation to recover UK and other citizens from Libya. We successfully transported 926 entitled persons, of whom 286 were British nationals.

Toby Perkins: I would like to associate myself with the Secretary of State's comments on the work done by our armed forces in Libya. Will he tell the House who in the Ministry of Defence authorised the use of special forces in the operation that started on 2 March, and what advice led to that decision?

Dr Fox: The Foreign Secretary has already set out the circumstances in which—*[Interruption.]* I have no intention of commenting further on special forces. I am glad that the hon. Gentleman has joined me in thanking those who took part in that work. I visited HMS Cumberland in Malta at the weekend to thank on behalf of the Government and the House of Commons the crew for their tremendous work. The fact that we were able to take 926 citizens, of whom only 286 were British, shows just how far we were ahead of the curve and doing our utmost to help those of other nations as well.

Mr James Gray (North Wiltshire) (Con): Does the Secretary of State agree that the successful evacuation of several hundred of our own nationals, together with large numbers of overseas nationals, with not a single casualty among those people or our armed services, should be an occasion for rejoicing and congratulation, rather than for the negative party politicking that we have heard from the Opposition?

Dr Fox: It is interesting to compare the coverage that the operations led by the United Kingdom, including the command and control organisation in Malta, gets in the United Kingdom with the coverage that we get in other countries in Europe and beyond, where there cannot be high enough praise for our armed forces and for the organisation put forward by the United Kingdom. Perhaps this is a time to praise our people rather than to condemn them.

HMS Illustrious

18. **Thomas Docherty** (Dunfermline and West Fife) (Lab): What assessment he has made of the likely date for HMS Illustrious to return to service; and if he will make a statement. [45713]

The Parliamentary Under-Secretary of State for Defence (Peter Luff): HMS Illustrious is scheduled to return to operational service, to assume her new landing platform helicopter role, in spring 2012. I should add that she has had 180 days' notice to move, and that that period can be reduced, should the need arise. She will be supplementing the capability provided by HMS Ocean.

Thomas Docherty: I am sure the House will agree that the fact that HMS Illustrious is coming back into service ahead of schedule is a testament to the professionalism of the work force and the management, led by Mike Pettigrew. Will the Minister find the time to come to the dockyard to see HMS Illustrious before she sets sail, so that he can see yet again why the best place for the refit and refurbishment of the Queen Elizabeth class carriers is Scotland, rather than France?

Peter Luff: Although it is far too early to decide where that work will be conducted, I would be delighted to try to accommodate such a visit in my diary, if that proves possible. The hon. Gentleman's constituents have certainly done a first-rate job.

Middle East and North Africa

19. **Stuart Andrew** (Pudsey) (Con): What recent assessment he has made of the implications for his Department's policies of the security situation in the middle east and north Africa. [45714]

The Secretary of State for Defence (Dr Liam Fox): In response to the changing security situation in the middle east and north Africa, work is under way to understand the implications that the changing environment will have on our policies in the wider region.

Stuart Andrew: I am grateful to my right hon. Friend for that answer. Will he give an assurance that our regional basing and overflight rights will ensure that we can effectively deploy ground attack aircraft in the region if necessary?

Dr Fox: The assumption that we made in the SDSR was that we had sufficient basing and overflight rights to be able to project air power where required. Nothing has happened in recent days to change that assumption.

Patrick Mercer (Newark) (Con): The Secretary of State has rightly focused on Libya and the excellence of our operations there, but can he assure the House that his policies, in regard to resource and planning, are also focused on what might happen in other north African countries if evacuations or operations were required there?

Dr Fox: My hon. Friend is of course correct. We are looking not only at what is happening in Libya but at other countries in the region where there has been instability in recent times. They include countries such as Yemen, where we already have forward positioning of assets, should we be required to evacuate any British nationals.

Strategic Defence and Security Review (Airfields)

20. **Miss Anne McIntosh** (Thirsk and Malton) (Con): What recent representations he has received on the implications for airfields on the defence estate of the outcome of the strategic defence and security review; and if he will make a statement. [45715]

The Minister for the Armed Forces (Nick Harvey): I have received a considerable number of representations from hon. Members, Ministers and Members of the devolved Administrations, as well as from members of the public. I have regular discussions with Government colleagues and I will make an announcement as soon as I am in a position to do so.

Miss McIntosh: Will the Minister accept another representation from me about the excellence of public service shown by RAF Linton at times of public tragedy, in respect of floods on a number of occasions and the Selby rail crash in particular? Will he give an assurance that the future of RAF Linton will be secure, in training RAF pilots in the future?

Nick Harvey: The strategic defence and security review said that RAF Kinloss and two other RAF bases would close. We are in the middle of a comprehensive basing study, covering the needs not only of the RAF but of the Army in the future. It is a complex piece of work. As soon as we are able to balance all those competing requirements, we will make a full statement to the House.

Topical Questions

T1. [45721] **Jack Dromey** (Birmingham, Erdington) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Defence (Dr Liam Fox): My departmental responsibilities are to ensure that our country is properly defended now and in the future, that our service personnel have the right equipment and training to allow them to succeed in the military tasks, and that we honour the armed forces covenant.

Jack Dromey: Will the Secretary of State explain in detail and publish in full his views on the unfunded liability—supposedly left by the last Labour Government—on equipment, procurement and support programmes over the next 10 years?

Dr Fox: I will not be the only one to set out that information, as I am sure the National Audit Office and the Public Accounts Committee as well as the Select Committee on Defence will want to make it perfectly clear. I have made it clear, including in the evidence I gave to the Select Committee last week, that I would like to see greater transparency in how the Department makes its information available. As for the unfunded liability we inherited from the previous Government and the damage it has done to our ability to plan for the future—

Mr Kevan Jones (North Durham) (Lab): Where has the £38 billion gone?

Dr Fox: The hon. Gentleman asks where the £38 billion has gone; he should know; he left it behind. It was his Government who were responsible for it. We shall diminish that unfunded liability and put the Department back on a sound footing—something that Labour Members were incapable of doing.

T2. [45722] **Dr Julian Huppert** (Cambridge) (LD): The United Nations Secretary-General's special representative on children and armed conflict recently reported on the Afghan national police's recruitment of children to fight and on the sexual exploitation of young boys by Afghan police and military commanders. Given this disturbing evidence, will the Secretary of State explain what guidance is given to British military and police trainers when they encounter children in the Afghan national security forces?

The Minister for the Armed Forces (Nick Harvey): Afghan civilians must be 18 or above to join either the Afghan national police or the army. That is checked as rigorously as possible through the much-improving recruitment process. If there is any allegation of wrongdoing brought to the attention of the British forces, it will be taken extremely seriously and reported to the Afghan commanders. We would unreservedly condemn any act of abuse or brutality. The Afghan Ministry of the Interior addresses children's rights issues and certainly recognises 18 as the age of majority. If there are any specific allegations, he should—

Mr Speaker: We are most grateful to the Minister.

T3. [45723] **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): I am not sure that the Secretary of State's earlier answer was entirely clear, so perhaps he will try again. Will he tell us who specifically in his Department authorised the involvement of special forces in Libya on 2 March?

Dr Fox: I have already made it clear that the Foreign Secretary set out the exact details, as far as we are able to disclose them, on that particular operation. When force protection is to be offered to the sort of diplomatic mission that was undertaken, it is quite usual for the Ministry of Defence to be asked and to agree to do it.

T5. [45725] **Mr Mark Williams** (Ceredigion) (LD): The Secretary of State and his Department regularly meet the Royal British Legion and other veterans organisations. At those meetings, how much emphasis is placed on the fact that the military covenant is enshrined in law and, critically, on determining in what form and when that military covenant will be met?

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): I last met the director general of the Royal British Legion last Monday to discuss this very matter. There are many organisations involved and they all have their views to put forward. I think that the covenant is proceeding well. As the hon. Gentleman said, it has been written into law in the Armed Forces Bill and I hope that he will speak further about it on Report and Third Reading when they happen, shortly.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): Ministry of Defence police do an essential and difficult job with a great deal of professionalism and expertise, but they face a potential cut of one third in their numbers. That would mean more than 1,000 officers losing their jobs. What assessment has the Secretary of State made of the impact of such a drastic reduction in the number of MOD police officers on the protection of military bases?

Mr Robathan: I pay tribute to the work done by the MOD police, and the protection of military bases is of course essential. However, we are constrained by the lack of funds left behind by the last Government. *[Interruption.]* It is no good Opposition Members

grimacing; it is true. For that reason, we are having to consider savings in all areas, and I am afraid that everyone must play their part.

T6. [45726] **Robert Halfon** (Harlow) (Con): As well as supporting the movement opposing Gaddafi in Libya, what steps can my right hon. Friend the Secretary of State take to support the democratic movements in Bahrain and Yemen, especially in view of the events of recent days?

Dr Fox: I think there is a difference between the two cases that my hon. Friend has cited. There is great concern about the possibility that the collapse of the Yemeni state would lead to an increase in the influence of al-Qaeda. It is therefore of great importance to the United Kingdom's national security that we do what we can to stabilise the situation, while ensuring that we can evacuate United Kingdom citizens safely if the regime cannot hold.

T4. [45724] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): Given that Wales contains a fifth of the United Kingdom's population but 8% of its military population, does the Secretary of State accept that the consequences of cuts that come too fast and go too deep will affect Wales disproportionately? What will he do to ensure that loyalty is repaid not with penalties but with respect?

Dr Fox: Decisions on the footprint of the United Kingdom's armed forces are made primarily on the basis of military effectiveness. However, notwithstanding the level of cuts that must be made in order to balance the books, I personally ascribe great importance to maintaining a footprint throughout the Union. *[Interruption.]* What we are hearing is a very boring record. The difference between the main parties and the nationalists in the House is that we believe in maintaining a footprint throughout the Union, whereas they do not believe in having UK armed forces at all.

T10. [45730] **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): I am sure that the Minister will agree that while our British forces are in Afghanistan, it is important for them to contribute to the development of a strong humanitarian legacy of basic health care, education and clean drinking water for the people of Afghanistan. What steps is his Department taking, in conjunction with the Department for International Development, to help to secure that legacy?

Dr Fox: We work very closely with DFID on all those issues. As my hon. Friend correctly implies, if we are to have a sustainable legacy in Afghanistan, it cannot simply involve the strength of the armed forces or the police; there must also be strong governance and a strong infrastructure.

T9. [45729] **Nick Smith** (Blaenau Gwent) (Lab): Given the consideration in recent weeks of no-fly zones over Libya, do the Government still intend to make 170 trainee pilots redundant?

Dr Fox: The number of trainee pilots is designed to mirror the number of airframes that we intend to be able to fly in future. That was set out in the SDSR. As I remind hon. Members on every occasion, one of the reasons that we are having to make reductions in the budget is the £158 billion deficit left behind by the Labour Government, on which the interest payments alone are greater than next year's defence, Foreign Office and aid budgets put together.

Bob Russell (Colchester) (LD): The House rightly pays tribute to our military personnel who are serving in Afghanistan. On Friday the Minister for the Armed Forces visited the Colchester garrison, where he will have seen on one side of the road former Army housing that is now social housing, on which millions of pounds are being spent by one arm of Government. Can the Minister explain why the same amount cannot be spent on housing on the other side of the road, where the fathers and husbands of military personnel in Afghanistan live?

Mr Robathan: My hon. Friend has rightly taken up this cause. We want to see all service personnel, whether single or married, in good-quality accommodation. As he will know, there is a huge backlog but we are working on it, although our work is constrained by the £38 billion deficit with which we were left. I hope very much that we shall be able to continue that work, particularly in the Colchester garrison.

Mark Tami (Alyn and Deeside) (Lab): The Minister will be aware of the widespread concern at Defence Support Group in Sealand about ongoing job losses—and, indeed, the Government's proposals to find a buyer for the business. Why, therefore, has he barred me from visiting the site?

Dr Fox: I am not aware of any such condition, but if the hon. Gentleman wants to come and see me about it, I will be very happy to discuss it with him.

Caroline Dinenage (Gosport) (Con): Given that the Batch 3 Type 22s have recently proved their value in both evacuating British nationals and vital intelligence gathering, and that no other platforms have such persistence, would it not be prudent to keep them intact during the current uncertain times in the world?

Dr Fox: It would be very attractive to be able to maintain a great deal of capability but, sadly, we are unable to do so because of financial constraints. It would be wonderful in a perfect world for us to be able not only to retain these assets but to invest in future assets as well, but if we are to be able to make investments in the future to deal with the threats we may face, we have to disinvest from some of the capabilities of the past, albeit with regret.

Alison Seabeck (Plymouth, Moor View) (Lab): The Secretary of State will know of the commitment of the people of Plymouth to keeping the Royal Navy at sea, using all the skills we have in Plymouth. However, we need to know what is going to happen with regard to the Type 23s and the replacement for Endurance. What is the time scale for telling the people of Plymouth whether or not any of those ships will be base-ported in our city?

Dr Fox: It gives me great pleasure to be able to commend the people of Plymouth for the great commitment they have made over many years. We will have announcements to make in the very near future on some of the issues the hon. Lady mentions, and I will ensure she is made aware of them before we make them available to others.

Mark Lancaster (Milton Keynes North) (Con): Given the unique relationship between the sovereign and members of the armed forces, will the Secretary of State update the House on what his Department intends to do to commemorate next year's diamond jubilee?

Dr Fox: The Government will cross-departmentally set out their proposals on the diamond jubilee in the near future. The House will be informed in the usual way.

John Woodcock (Barrow and Furness) (Lab/Co-op): Further to the question from my hon. Friend the Member for Bolton West (Julie Hilling), exactly how are the public supposed to maintain confidence in our programme to replace the Trident deterrent when the president of one of the governing parties is apparently given carte blanche to cheer up his battered activists by telling them it probably will not go ahead at all?

Dr Fox: The coalition agreement made it very clear that the Liberal Democrats within the coalition would be free to advocate alternatives to the replacement programme. The overall Government policy remains the replacement of the Trident programme however, and, as I said earlier today, the best solution for the United Kingdom is a submarine-based, continuously-at-sea, minimum-credible nuclear deterrent that protects the UK while contributing to overall reductions in international nuclear arsenals.

Duncan Hames (Chippenham) (LD): It is a sorry state of affairs when calls for a no-fly zone from the interim national Libyan council are endorsed by the Arab League but the European Union fails to back them. What is the Secretary of State's assessment of the security risk of inaction, should the international community fail to take responsibility to protect the Libyan people from Gaddafi?

Dr Fox: My hon. Friend makes a useful point. The Government's aim is very clear: we want to see the isolation of, and a diminution in the size and effectiveness of, the regime in Libya, which we believe has lost legitimacy. The aim is for the international community to speak with a single voice, and the more we are united, the more we send a signal to Colonel Gaddafi that the game is up and he has no friends and no future in Libya or beyond.

John Cryer (Leyton and Wanstead) (Lab): Will the Secretary of State now answer the question from my hon. Friend the Member for Islington North (Jeremy Corbyn): how much has so far been spent on the Trident replacement?

Dr Fox: I have set out on a number of occasions the different areas in which we spend. We have to spend in advance because there are long-lead items that need to be spent on in order to make sure we are able to take the decisions at the points we have set in initial gate, and main gate when we get to 2015.

Jack Lopresti (Filton and Bradley Stoke) (Con): Last week, we saw evidence that Iran continues to supply the Taliban with weaponry. Has the Secretary of State had any discussions with our allies to ensure that weapons intended for the Taliban are being actively intercepted?

Dr Fox: At the weekend's NATO summit in Brussels and at the subsequent international security assistance force meeting we raised with our allies our concerns about the arming of the Taliban by Iran. This is a clear example, if we needed any, of the potentially malign influence that Iran can have in the region and it should be a warning to us all about its potential intent.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I recently visited the Merseyside garrison headquarters, where I met Territorial Army soldiers. Does the Secretary of State share their concerns that changes to the home-to-duty travel allowance will mean that by 2013 a TA soldier who lives 9 miles or more from their TA centre will receive £4 less every time they attend their place of duty for training?

Dr Fox: It is with a great deal of regret that one of the savings we are having to make in the Ministry of Defence is in the level of allowances available to service personnel. However, I must say to the hon. Lady that financial remuneration and allowances will be part of the picture of the wider review being undertaken of the Territorials and the reserves. We will want to look at that in the totality of the review of the reserves to make sure we get better value for money and more effective reserves.

Christopher Pincher (Tamworth) (Con): As my right hon. Friend concludes his consultation on the security and technology Green Paper, will he ensure that he does not make the previous Government's mistake of allowing MOD prime contractors to obstruct small and medium-sized enterprises in getting their fair share of the defence procurement pie?

Dr Fox: It has been an aim of the Government from the outset when looking at defence technology and the procurement process to ensure that SMEs are given more than a fair crack of the whip. For too long, this has been about the prime contractors, with too little consideration given to the SMEs, which represent in this country not only vibrancy in technology and innovation but a major source of employment.

Paul Flynn (Newport West) (Lab): On the arms trade, does the Secretary of State agree with Mr Tom Porteous of UK Human Rights Watch that our country is being made to "look stupid" because of the conduct of our special trade representative? Should we not be employing trade representatives on the basis of their knowledge of industry, ethics and human rights, rather than on the hereditary principle?

Dr Fox: Mr Speaker, you made it very clear last time that because members of the royal family cannot answer back we should be very careful what we say in this House about them. It is fair to say that not only do we

follow the legislation set down by the previous Government, but we have some of the tightest regulations on arms trading in the world.

Mr Speaker: Last but not least, Henry Smith.

Henry Smith (Crawley) (Con): We are entering a time of increasing geomagnetic solar flare activity. Will the Secretary of State say what mitigating effects are being considered to protect military communications?

Dr Fox: This issue is being looked at globally. I may have responsibility for many things, but solar activity is not one of them.

Japan and the Middle East

3.33 pm

The Prime Minister (Mr David Cameron): Before I turn to discussions at last week's European Council, I am sure that the whole House will wish to join me in sending our deepest condolences to the Japanese people following the earthquake and tsunami that struck their country on Friday. We are all deeply shocked and saddened by the devastation that we have seen, and by the loss of life, the full scale of which will take many days, and possibly weeks, to comprehend. I am sure that the thoughts of everyone in this House, and indeed of everyone in our country, are with the Japanese people—we stand with you at this time.

As yet, there are no confirmed British fatalities, but we have severe concerns about a number of British nationals. I have spoken with our ambassador in Japan, who was one of the first to get to the affected region, and his team are working around the clock to help British nationals. Over the weekend we have had three rapid deployment teams of staff operating in the worst-affected areas, and they will be augmented by a further team that will be arriving in Tokyo this afternoon and advancing to the north-east of the country tomorrow. They will help to find out information for the families who are rightly very worried about relatives potentially caught up in this tragedy. We have set up a helpline for these families. It has taken several thousand calls and we are following up each lead. We have, of course, offered humanitarian assistance to the Japanese Government and we stand ready to assist in any way that we can. At their request, a 63-strong UK search and rescue team, which includes medical personnel, has already been deployed and it arrived in Japan yesterday morning.

The whole House will have been concerned at the worrying situation at the nuclear power station at Fukushima. The Japanese Government have said that the emergency cooling systems at three reactors at the plant have failed because of the tsunami and there have been explosions due to the release of hydrogen gas at both the Fukushima 1 and Fukushima 3 reactors. This is clearly a very fast-moving and rapidly changing picture and the Japanese Government are doing everything they can to manage the situation they face. We will keep the House updated. We are in close touch with the Japanese authorities and have offered our nuclear expertise if we can help to manage this very serious incident.

The Energy Secretary has asked our chief nuclear inspector, Dr. Mike Weightman, for a thorough report on the implications of the situation in Japan. The UK does not have reactors of the design of those in Fukushima and neither does it plan any; nor, obviously, are we in a seismically sensitive zone. But if there are lessons to learn, we must learn them.

Cobra has met several times over the weekend and again this morning, and we will keep our response to this tragedy and our support for Japan and the wider Pacific region under close and continuous review. Of course, that goes for our travel advice as well.

The devastation we are witnessing in Japan is of truly colossal proportions. It has been heartbreaking to listen to people who have had all their relatives, their friends, their possessions and their homes simply washed away. Those who have survived will not recognise the place where their homes once stood. We do not yet know the full and dreadful death toll, nor can anyone truly understand the impact that these events will have, but Japan and the Japanese people are a resilient and resourceful nation. Britain and the British people are your friends and we have no doubt you will recover.

Let me turn to Friday's special European Council and north Africa. The reason for having this Council was twofold: first, to make sure Europe seizes the moment of opportunity to support the Arab people in north Africa and across the middle east in realising their aspirations for a more open and democratic form of government; and, secondly, to address the difficult situation in Libya. The Council addressed both issues and I will be frank with the House about where progress has been made and where more needs to be done.

First, on supporting the building blocks of democracy in the Arab world, the aim should be a big bold offer to those countries in our southern neighbourhood that want to move towards being more open societies. There was some real success on this point. The Council declaration talks of a "new partnership" founded on

"broader market access and political cooperation"

with an approach that gears support to those countries where progress is being made in meeting their citizens' aspirations. That could be so much better than the failed approach of the past, but now Europe needs to follow through on its declaration with a real and credible offer to those countries. In my view, it must be based on the prospects of deeper economic and trade integration with the EU and free movement of goods, services and investment.

Turning to Libya, it was right for the EU to meet and discuss how we can work together to deal with the crisis. There has been considerable international co-operation on evacuation and I will bring the House up to date on the figures. We now have got more than 600 British nationals out and assisted more than 30 other nationalities. About 220 British nationals remain in Libya. The overwhelming majority of these are long-term residents and many, of course, are dual nationals or spouses of Libyan nationals. Many of that group have told us that they wish to remain in Libya, but a number of other British nationals are now contacting us for the first time. We will stay in contact with these people and continue to assist those who wish to leave.

We have also been at the forefront of the response to the humanitarian situation in Libya and on its borders. We remain deeply concerned by the situation for people inside Libya caught up in fierce fighting and the Development Secretary has repeatedly called for the protection of civilians and for unfettered humanitarian access to those in need.

On the subject of further isolating the Gaddafi regime, the European Council also made some progress. Two weeks ago, we put in place a tough United Nations Security Council resolution and agreed in record time asset freezes, travel bans and an arms embargo, as well as referral to the International Criminal Court. At this European Council, all leaders were united, categorical and crystal clear that Gaddafi must "relinquish power immediately." We widened the restrictive measures against individuals close to Gaddafi and strengthened the financial sanctions on the regime, adding the Libyan Central Bank and the Libyan Investment Authority to the EU asset-freezing list. In doing so, the UK has increased the total of frozen Libyan assets in this country from

[The Prime Minister]

£2 billion to £12 billion. We now need to make clear the next measures in terms of putting further pressure on the regime and planning for what other steps may be necessary.

Two weeks ago, I told the House that I believed contingency planning should be done, including plans for a military no-fly zone. NATO is carrying out that work. As we have said before, a no-fly zone would need international support based on three clear conditions: demonstrable need, regional support and a clear legal basis. In recent days, first the Gulf Co-operation Council and now the Arab League have called for a no-fly zone. In terms of the European Council, of course, the EU is not a military alliance and there is always a hesitation about discussing military options, but the Council expressed its

"deep concern about attacks against civilians, including from the air"

and agreed that all member states should examine "all necessary options" for protecting the civilian population, provided there was a demonstrable need, a clear legal basis and support from the region. That was some progress, especially compared with where Europe was in advance of Friday's Council, but we need to continue to win the argument for a strong response in the international community—Europe included. Along with others in the United Nations Security Council, the UK is following up urgently the lead given by the Arab League by drafting a resolution that sets out the next measures that need to be taken, including the option of a no-fly zone. Included in the resolution, in our view, should be much tougher measures against mercenaries and the states from which they come, as well as against others who are attempting to breach the sanctions and assist Gaddafi.

Every day, Gaddafi is brutalising his own people. Time is of the essence and there should be no let-up in the pressure we put on this regime. I am clear where the British national interest lies. It is in our interest to see the growth of open societies and the building blocks of democracy in north Africa and the middle east. When it comes to Libya, we should be clear about what is happening. We have seen the uprising of a people against a brutal dictator and it will send a dreadful signal if their legitimate aspirations are crushed, not least to others striving for democracy across the region. To those who say it is nothing to do with us, I would simply respond, "Do we want a situation where a failed pariah state festers on Europe's southern border, potentially threatening our security, pushing people across the Mediterranean and creating a more dangerous and uncertain world for Britain and for all our allies as well as for the people of Libya?" Of course we do not want that, and that is why Britain is and will remain at the forefront of the response to this crisis. I commend this statement to the House.

Edward Miliband (Doncaster North) (Lab): May I start by associating myself with the Prime Minister's remarks about the Japanese earthquake and tsunami? The tragedy that has hit that country is of almost unimaginable horror and scale, as all of us will have felt after seeing the pictures on our television screens over the weekend. We fully support the Government in their efforts to help the Government of Japan in their hour of need and, indeed, to help Japan's people.

This is clearly an anxious time for the friends and family of UK nationals and I thank the Prime Minister for what he said about our consular activity. I am sure that consular staff will be working around the clock to deal with the inquiries that they receive. Let me also associate myself with the Prime Minister's remarks about the work of British search and rescue teams.

On nuclear power, we should clearly see if there are lessons to be learned, but should avoid a rush to judgment given that we have a good safety record in this country. It is important not to lose sight of that.

Turning to the European Council, I want to focus on three issues: the military options available to the international community regarding Libya, the wider response to the Libyan crisis and the need to re-energise the middle east peace process. Let me take each issue in turn.

First, I welcome the clear and unequivocal statement in the Council declaration that the Libyan regime should relinquish power immediately. As the Prime Minister made clear in his statement, the situation in Libya is grave and pressing. I said, when the Prime Minister first publicly floated the idea of a no-fly zone two weeks ago, that we welcomed the possibility. It is disappointing that Friday's communiqué did not mention it, although it is, as he has said, encouraging that the Arab League has expressed support for it. In view of the gravity and urgency of the situation, and to win greater support for the idea, it seems to us that the priority must be to translate the no-fly zone phrase into a practical plan. To that end, may I ask what progress has been made since he asked the Ministry of Defence to draw up such a plan two weeks ago? Specifically, was such a plan presented by the UK at the NATO Defence Ministers meeting last Thursday or by him at the European Council?

On the European Council, may I ask whether the ambivalence among our EU partners is based on opposition to a no-fly zone in principle or is because of practical doubts about the workability of such a proposal? Can he give us a clearer picture, because that is necessary to win broader support, of what he believes the no-fly zone would involve and, furthermore, whether it is contingent on the US Government's participation, given that some parts of the Administration have expressed reservations about the idea?

On timing, I note that the Prime Minister repeated his statement of last week that the UK is now working on a new Security Council resolution, which I welcome. Given the urgency of the situation, to which he rightly drew attention, what is his best judgment about when such a resolution will be tabled? Above all, may I emphasise to him the importance of matching what is said in public with the diplomatic spadework needed to win international support for a practical and legal plan?

I have one more question on the military options that are available. Given the position expressed this morning by the former Foreign Secretary, the right hon. and learned Member for Kensington (Sir Malcolm Rifkind), on providing arms to some of the rebels against Colonel Gaddafi, what is the Government's position on the legality and wisdom of that idea?

Secondly, let me turn to the other actions that we can take. I welcome what the Prime Minister said about asset freezes and sanctions. May I make a further

suggestion? To maximise pressure on the regime, have the Government made any formal communication to the International Criminal Court to impress on Libyan leaders and commanders the importance of individual accountability for the commissioning and carrying out of crimes against humanity? If he has not done so—and I believe that it is open to individual countries to do this—may I suggest that he looks into the UK Government doing so?

On the humanitarian crisis, to which the Prime Minister referred, may I ask him whether the Department for International Development is planning to provide additional support to other multilateral organisations such as the World Food Programme and the United Nations High Commissioner for Refugees?

Thirdly and finally, may I discuss briefly the middle east peace process? He and I both had the chance last week to meet President Abbas during his visit to London. May I reiterate to the Prime Minister something with which I know he agrees—the central importance of not losing sight of that issue as other, more immediate crises face us. Will the Prime Minister therefore tell us what discussions took place at the European Council about how the EU can help to get the peace process back on track? In particular, what representations have been made to the United States following its recent veto of the UN resolution on settlements?

Finally, let me tell the Prime Minister that he and I are united in the view that this must be a moment when the European Union and the international community show they are more than the sum of their parts, whether it is on Libya specifically, north Africa or the middle east peace process. I hope that he and other leaders will do all they can over the coming days and weeks to put in the hard work and diplomacy that can make that happen.

The Prime Minister: I thank the right hon. Gentleman for his questions, and I particularly welcome what he said about Japan and the common ground there. On nuclear, he is absolutely right that we should not rush to judgment, but we should, as we have done, ask our experts where there are lessons to learn.

The right hon. Gentleman asked a range of questions about Libya, and let me try to take all of them. On the issue of no-fly zones, he said what support the Arab League had given, but the Secretary-General of the Arab League said very clearly:

> "It is for the Security Council to take decisions as it sees fit. What we did in the Arab League is make an official request to impose a no-fly zone on military activities against the Libyan people."

I think that that is a significant step forward. The right hon. Gentleman asked what work has been done. Obviously, work has been done in the UK to look at options on how that could be done but, crucially, the work is now being done in NATO, which is right. He asked a question about what it would involve. I am afraid that the answer is that that would depend on exactly how large the no-fly zone was, whether it was operating round the clock, which parts of the country it covered and so forth. However, it is perfectly practical and deliverable. Obviously, if it were to happen, if it is judged to have passed the milestones that we have set, it would be best if it were as widely supported as possible. It is something that no one country can do alone.

The right hon. Gentleman asked why some EU countries were more sceptical than others, and why they opposed the proposal. As he knows, 21 of the 27 are members of the NATO, which made it clear that this should be looked at. Many in Europe, as elsewhere, have made it clear that we must make sure that we learn lessons from Iraq. My argument is that no two situations are the same. We can listen to any number of experts who will warn about what happened in different places in different times, but what we are seeing in Libya is different. It is an uprising of a people against a leader, and it is quite different. No one is talking about invasions, boots on the ground and the rest of it. When a resolution should be put forward will depend on the support that can be guaranteed for such a resolution in the UN, but what has happened with the Arab League and the Gulf Co-operation Council is very encouraging.

On the question raised by my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind), the former Foreign Secretary, about arming the rebels, I repeat what the Foreign Secretary said this morning. We should not exclude various possibilities, and there is an argument to be made, but there are important legal, practical and other issues that would have to be resolved, including the UN arms embargo. We should also be clear that there is no single answer to speeding up the process of removing Gaddafi. That is why we should urgently be pursuing a broad range of options through the UN.

On the other actions that the right hon. Gentleman mentioned—the International Criminal Court—I will certainly look at the idea of contacting the court directly. It seems most important to me that we make the point publicly over and over again to all those people around Gaddafi, working for Gaddafi, and in his army, that they are being watched by the International Criminal Court. That is a message that we should do everything we can to get across.

DFID has responded very quickly, both bilaterally and multilaterally. We should be proud of the fact that it was Britain which flew so many Egyptians on the Tunisian border back to Egypt and helped many hundreds of Bangladeshis as well.

On the point that the right hon. Gentleman makes about the middle east peace process, that was discussed by the EU Council. We have made strong representations to other EU countries and also to the US that we must get that back on track. As the right hon. Gentleman said, both of us met the Palestinian President when he came to London recently. I was struck by something that one of his advisers said—that if we really want great progress and victory in combating terrorism and Islamic extremism, growth of democracy in the middle east, plus a solution to the Palestine-Israel conflict, would be the two things that could bring that victory together.

Sir Malcolm Rifkind (Kensington) (Con): Does the Prime Minister agree that the Gaddafi regime has already internationalised the conflict in Libya by bringing in many hundreds of mercenaries, which is helping to put pressure on the insurgents? Against that background, is it not imperative that the international community should be able to provide military supplies to the insurgents? Of course, we must recognise the legality of the arms embargo, but does the Prime Minister agree also that

[Sir Malcolm Rifkind]

the terms of the arms embargo resolution prevent arms from being supplied to what is called the Libyan Arab Jamahiriya—in other words, to the Gaddafi regime—and that it is perfectly possible to supply arms or other equipment to those who are fighting that regime, especially as the resolution itself, through the appointment of a sanctions committee, allows that sanctions committee to provide arms sales to other groups in Libya if it thinks that appropriate?

The Prime Minister: My right hon. and learned Friend made a strong and persuasive argument in his newspaper article this morning. I make three points. First, on the issue of mercenaries, what is happening is unacceptable. We should be sending the clearest possible message to those in Mali, Chad and elsewhere who are thinking of volunteering as mercenaries, and we should put into the next UN resolution the strongest possible language about mercenaries. Secondly, the same should apply to policing the arms embargo against the Gaddafi regime, because there are signs that he is seeking additional armaments right now. Thirdly, I hear clearly the argument —it is an ingenious argument that only a lawyer of my right hon. and learned Friend's brilliance could make— about the specific way the arms embargo was termed towards the country that Gaddafi effectively renamed, but I am not sure it is an opinion that is shared by all other lawyers.

Mr Jack Straw (Blackburn) (Lab): I was going to ask the Prime Minister about the nature of the duties on the Security Council. Five years ago, a high level working group established by the then Secretary-General, Kofi Annan, recommended that the responsibilities—the duties—of the Security Council should be broadened from protecting international peace and security to a "responsibility to protect" populations from internal humanitarian disaster, even where that did not directly pose a threat across the borders of those countries. Does the Prime Minister agree that as well as the commendable action that the British Government are taking to push the international community to deal with the immediate problem of Libya, we need to use this terrible example to press our partners internationally to broaden the remit of the Security Council so that we never get another Bosnia or Rwanda or, maybe tragically, another Libya?

The Prime Minister: The right hon. Gentleman has considerable expertise on this issue. The responsibility to protect has been pushed forward and debated, and I remember asking questions in opposition, at the time of problems in Burma and elsewhere, on whether it should be invoked. What the lawyers will advise, quite rightly, is that things have moved on and changed since Bosnia. It seems to me that one of the things we are trying to do here is learn the lessons of Iraq and the lessons of Bosnia, where the international community was neither fast enough, nor indeed decisive enough in responding.

Richard Ottaway (Croydon South) (Con): I very much agree with the Prime Minister's proposals to make the countries of the middle east bigger and more open societies, but those of us with reservations about the no-fly zone are concerned about where it will lead. Given that the last two no-fly zones, in Bosnia and Iraq, both needed troops on the ground to follow behind them, what does he envisage will happen if a no-fly zone is unsuccessful and Gaddafi remains in place?

The Prime Minister: Obviously, a lot has been written and said about this issue, and I totally understand the argument, but if we face a situation where there is a real danger of Gaddafi continuing to inflict devastation on his people, and if the conditions set out have been met, which are that there is a demonstrable need, regional support and a clear legal basis, it seems to me that this is the right sort of step to consider. Of course, it is not a solution to the problem, but I believe that it would have an effect on the ground. It might not be a decisive effect, but I think that there are strong arguments for taking steps that further put pressure on Gaddafi, and I think that this is a step that we should consider. We have already taken a number of diplomatic and sanction steps. I think that this is an additional step that could make a difference.

Several hon. Members *rose—*

Mr Speaker: Order. Approximately 50 Members are still seeking to catch my eye. I am keen to accommodate them, so brevity is of the essence.

Mike Gapes (Ilford South) (Lab/Co-op): The Prime Minister referred to learning the lessons from Iraq. He also said that time is of the essence. Does he agree that John Major, as Prime Minister, was right to introduce a no-fly zone to protect the Kurds and that, as a result, for 12 years Saddam was unable to attack them even though he remained in power in Baghdad? Is there not an argument today for the international community, either collectively or only some of them, to protect the people of Benghazi?

The Prime Minister: The hon. Gentleman makes a good point. I think that John Major was right, and I discussed this specific case with him over the past few days to make sure that we learn the lessons from that. That also relates to the question asked by my hon. Friend the Member for Croydon South (Richard Ottaway). The point is this: we cannot do everything, but that does not mean that we should not do anything. That is the key, and we have to work out where to draw the line. I am very clear that a no-fly zone is something that we should consider, because it may help to stop atrocities being committed against people who want a more democratic future.

Simon Hughes (Bermondsey and Old Southwark) (LD): May I associate all my party colleagues with the condolences and sympathy expressed by the Prime Minister for the people of Japan and with the support expressed for all those coming to their aid?

On Libya, in addition to the sense of urgency that the Prime Minister has expressed on the no-fly zone, is he willing to pursue, as the crisis group in Brussels has recommended, a possible initiative for a ceasefire on the ground in Libya so that a post-Gaddafi representative and an appropriate regime could be discussed as urgently as possible, as well as military action taken elsewhere?

The Prime Minister: We will of course listen and respond to all suggestions. It seems to me that the first thing that needs to happen is for Gaddafi to cease what he is doing and go. That is the only way Libya can have a secure future and that is what needs to happen. We should be asking ourselves, with our allies, the Arab League and the Gulf Co-operation Council, what more we can do to tighten the noose around Gaddafi and turn up the pressure to ensure that he feels it as strongly as possible.

Tony Lloyd (Manchester Central) (Lab): The Prime Minister is right that the logic of a no-fly zone is to prevent aggression by Gaddafi against innocent people in Benghazi or elsewhere. Is that not exactly the same logic, though, of providing arms to those in opposition to Gaddafi—that it gives them the capacity to defend themselves against such aggression? What assessment does the Prime Minister make of the urgency with which the international community will now deal with the legal issue?

The Prime Minister: First, to deal with the issue of urgency, there is a range of opinions on what is happening on the ground in Libya, but it does seem as if the rebels have had some serious setbacks, so time could be relatively short. The international community, therefore, needs to step up and quicken the pace of its response along the lines of some of the things that we have been suggesting.

In terms of whether a no-fly zone is better than other options, I think we should pursue a range of options. I put a no-fly zone on the table early on, because it takes planning and time to prepare for such a contingency. As I said in relation to arming the rebels, and as the Foreign Secretary said, we should not rule things out, but there is a range of practical and legal difficulties, so the steps that we are pushing for at the UN, which involve not just a no-fly zone, but a range of other, diplomatic steps and pressures, including what I have said about mercenaries, are the right approach.

Nicholas Soames (Mid Sussex) (Con): I welcome the Prime Minister's analysis, and his tying down of the conditions to proceed, but does he nevertheless agree that, welcome though the Arab League's support is, there will be a requirement on it to provide some of its considerable air assets for a no-fly zone if the project is to have the wholehearted capability that it should?

The Prime Minister: My hon. Friend makes an extremely important point. Everyone will have seen the words of the Arab League and of the Gulf Co-operation Council, which are welcome, and it is—to some—an unexpected step that they are being so forthright in asking for a no-fly zone, but my hon. Friend is absolutely right: were that to happen, it should go ahead on the basis of the broadest amount of international support and participation, and crucially that should include participation by Arab states themselves, which do have the assets to bring to bear.

Mr Mike Weir (Angus) (SNP): First and foremost, our thoughts are with the people of Japan at this terrible time, and whatever our own views on nuclear power we fervently hope that their engineers are able to bring under control the situation at Fukushima.

The Prime Minister made some perfectly valid points about the differences between the UK and Japan, but the fact remains that their reactors are specifically designed for Japanese, known seismic risk. *Should that not give us pause for thought about our own nuclear plans?*

The Prime Minister: We have an excellent nuclear safety record in this country, but we should never be complacent. When any nuclear incident happens anywhere else in the world, we should immediately examine it and ask ourselves, "Does this have any implications for what we do in the UK?" There are some important scientific points to take into account, including the different reactors and seismic conditions that we have here, but nevertheless we will make sure that the gentleman I mentioned in my statement does the work properly.

Mr Roger Gale (North Thanet) (Con): My right hon. Friend has commendably promoted action rather than words. In remembering the lessons of Iraq, should we not remember also the lessons of Budapest in 1956 and the Prague spring? Is it not a fact that, when the western free world fails to act, defining moments are lost and tyrants survive?

The Prime Minister: My hon. Friend speaks with great passion about these issues. The point I would make about the lessons of Iraq, which a lot of people mention, is that no one here is talking about, and the Libyan opposition are not asking for, ground troops, invasions or anything like that; they are asking for a no-fly zone. But I think there is a lesson from Iraq, and it is this: if you talk to a lot of people in the Gulf, they will say, "If you don't actually show your support for the Libyan people and for democracy at this time, in a way you're saying you will intervene when it is only about your security, but you won't help when it is about our democracy," We need to bear that in mind in drawing the lessons, as people say, from Iraq.

Steve McCabe (Birmingham, Selly Oak) (Lab): Was there any discussion at the European Council about the desirability of EU nations now recognising the opposition as a legitimate power in Libya?

The Prime Minister: There was a discussion about that, and the Council's conclusions talk about the Benghazi council being a legitimate political interlocutor, which is important. The French have obviously formally recognised that organisation. As for Britain's position, as I am sure the hon. Gentleman knows, we recognise countries rather than Governments, but we want a dialogue and to have contact with the Libyan opposition, so we will be going ahead with that. We do, however, have a different legal position of recognising countries, not Governments.

Sir Peter Tapsell (Louth and Horncastle) (Con): Do President Obama and Chancellor Merkel support the idea of an intervention in another Islamic state?

The Prime Minister: My hon. Friend, who speaks with great passion about these things, puts it in a very particular way. I have spoken with President Obama; he said, very clearly, that he wants Gaddafi to go. Chancellor Merkel signed up to a European Council statement that Gaddafi should go. When we are talking about intervention here, we are talking about the world coming together,

[The Prime Minister]

having tough UN sanctions, putting in place a resolution, turning up the pressure, and looking at possibilities like a no-fly zone that could help to protect the Libyan people. As I said in my statement, it is not in our interests that we end up with Gaddafi still in power, in charge of what will become a pariah rogue state on the borders of Europe causing huge amounts of difficulty for everyone else. This is in our interests; it is not some great adventure that is being planned, if I may reassure my hon. Friend.

Mr David Winnick (Walsall North) (Lab): The United Nations Security Council is the right way to pursue this matter. Was there any explanation at the European Council meeting of the bombs, the torpedoes, the rockets and the missiles that have been sold to the Libyan regime by France, Italy and Germany—that is apart from what we have been selling up until the past few weeks? What on earth did the Governments believe those arms would be used against?

The Prime Minister: The hon. Gentleman is extremely consistent in his line of questioning about this issue, and he is right to raise these questions. I think that all Governments and all countries are going to have to ask themselves some quite searching questions about things that were sold and training that was given, and all the rest of it, and I will make sure that those questions are asked and answered here. But to be fair to the last Government, I can understand absolutely why relations were formed with Gaddafi after he gave up the weapons of mass destruction, although tragically not all of them have been destroyed or disposed of. The question is whether we then went into a relationship that was too blind and unthinking, and there are some serious questions to ask about that.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I really think that my right hon. Friend deserves congratulations on the fact that a fortnight ago he was virtually a lone voice in floating the idea of a no-fly zone, and now he has the support of the Arab League and France. What exactly went on at the European Council? Whom was Baroness Ashton speaking for? What mandate does she have to give her opinions? Should she not serve the member states of the European Union rather than pretending to lead them?

The Prime Minister: I thank my hon. Friend for his kind remarks, and the temptation to be pulled down a particular path about Baroness Ashton, who I think does a good job. The point that I would make is this: what happened on Friday, I think, is that there was a rogue briefing by one of her spokespeople that she was extremely embarrassed about and, to be fair to her, did everything she possibly could to try to put right. But as the old saying goes, a lie is halfway round the world before the truth has got its boots on.

Nic Dakin (Scunthorpe) (Lab): In several questions the Prime Minister has reinforced the point he made in his statement that much tougher measures should be taken against mercenaries and states from which they come. What sort of measures is he thinking of?

The Prime Minister: There is now an arms embargo that should be policed. As many hon. Members will know, sometimes the problem with UN resolutions is that we pass the resolution but we do not necessarily put in place the machinery to follow it up properly. There is more that can be done through the UN on mercenaries, but there is also more that can be done on a bilateral basis whereby countries such as Britain, and perhaps particularly France, because of its relations with some of these countries, can make it absolutely clear how unacceptable it is to supply mercenaries. The message should go out to all those thinking about it that the world is watching, the International Criminal Court is watching, and that if you take part in war crimes, wherever you are, you can still be caught and punished.

Jo Swinson (East Dunbartonshire) (LD): Does the Prime Minister share my concern at the arrival of Saudi troops in Bahrain following the protests demanding democratic reforms, which have already been met by tear gas and rubber bullets? Does he agree that those desiring democracy in Bahrain should have as much right to peaceful protest as those in Tunisia, Egypt and Libya, regardless of whether Saudi Arabia approves?

The Prime Minister: Of course, everyone should have the right to peaceful protest. In Bahrain, the King and the Crown Prince have been making efforts to try to have movement towards a more open and democratic society. Of course people will have debates about whether they are going far enough or fast enough, but they have made that effort. Bahrain obviously has the difficulty of quite a severe divide between some Sunni and Shi'a, which can make the situation more difficult, but I hope that they keep going down that path of reform, and not repression, which is the right track for these countries to take.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will the right hon. Gentleman join me in condemning utterly the barbaric slaughter inflicted on the Fogel family in a west bank settlement over the weekend? Does he agree that no response to that savagery could be more futile than the building of further settlements, and that the only way to stop this useless slaughter of innocent people—both Jews and Palestinians—is for Israel to sit down and talk?

The Prime Minister: The right hon. Gentleman is entirely right. Like others, I read about that case over the weekend and found what happened extremely disturbing. Anyone who has been to Jerusalem and seen the settlement building, particularly around east Jerusalem, can understand why the Palestinians feel so strongly about building on their land. There is a danger of the two-state solution being built away if we are not careful. That is why this Government have always taken a strong view about the settlements.

Mr Edward Leigh (Gainsborough) (Con): Is not one of the lessons of Afghanistan that arming insurgents against a regime that we do not like can have incalculable consequences? Is not the problem with the proposal to do so, and with a no-fly zone, that we could end up with a prolonged civil war in which there would be mounting moral pressure for us to send in ground troops? Will the

Prime Minister reassure the British people categorically that there is no question of our being dragged into another war of attrition in the middle east?

The Prime Minister: Let me try to reassure my hon. Friend, and through him people who are concerned about this matter. There is no intention to get involved in another war or to see an invasion or massive amounts of ground troops. That is not what is being looked at. What is being looked at is how we can tighten the pressure on an unacceptable, illegitimate regime to give that country some chance of peaceful transition. We would let down ourselves and the Libyan people if we did nothing and said that it was all too difficult. My hon. Friend's point about Afghanistan is a good one, but I would argue that the real lesson is that the mistake of the west was to forget about Afghanistan and take its eyes off that country, rather than building and investing there when it was making progress. Instead we left it alone, and we have since suffered the consequences.

Keith Vaz (Leicester East) (Lab): Was there any discussion at the European Council about the situation in Yemen? The Prime Minister will know that the situation has deteriorated badly, with violence spreading to many cities. It is surely not in anyone's interests, apart from al-Qaeda, for Yemen to drift into civil war. What can we do to help the Yemeni Government to stabilise the situation, but to continue with the reforms?

The Prime Minister: We did discuss the wider region. The country that is probably of the most concern at the moment is Yemen, which the right hon. Gentleman often raises in this House. Again, it is clearly in our interests that the Yemeni Government respond with reform rather than repression. Yemen is a particularly special case because of the great presence of al-Qaeda and our need to encourage its Government to take on the terrorism in their country. The situation is obviously extremely difficult and we keep it under permanent review, not least to ensure that we keep safe the British citizens who are there.

Mr Peter Bone (Wellingborough) (Con): Does the Prime Minister think there is a danger that by the time the international community agrees to a no-fly zone, there will be no purpose for one?

The Prime Minister: My hon. Friend makes a good point—the clock is ticking. There is a strong case for saying that time could get very short. I am not arguing, and do not think that anyone should argue, that a no-fly zone is the silver bullet that will solve the whole problem. It is just one of the many options that we should look at to increase pressure on the regime and to help people on the ground. I raised it two weeks ago because a lot of contingency planning is needed. I hope that that planning can now be sped up. That is why we are pushing for it, including through the UN. Clearly, we have to make and win some arguments on the UN Security Council, where some will be very sceptical about the idea.

Jeremy Corbyn (Islington North) (Lab): Will the Prime Minister explain exactly what are his principles on condemnation and potential military intervention? He has described his views on Libya. What is his view on the Saudi forces who are firing on protesters on the streets of Saudi Arabia, who have travelled over the border into Yemen in the past, and who today are occupying parts of Bahrain in support of the Bahraini Government against their own protesters? Where is the condemnation of Saudi Arabia for its human rights abuses and for its arrogance in its treatment of dissidents?

The Prime Minister: I do not believe that the Government are being inconsistent. We have said throughout this that the response of Governments to aspirations for greater freedom and democracy—what we call the building blocks of democracy—should be reform and not repression. That applies right across the region. What is special about Libya right now is that, as I have said, there is an uprising of people against a brutal dictator who is brutalising the people. In the international community, we should be asking ourselves, "What can we do?" We do not have a perfect answer, because there are red lines that we are not prepared to cross, but in my view that is not an argument for doing nothing.

Rory Stewart (Penrith and The Border) (Con): While welcoming the consensus on both sides of the House that we need a coalition and cannot freelance this, may I ask the Prime Minister what steps are being taken to bring Brazil, India, South Africa and other new members of the Security Council on side with the no-fly zone?

The Prime Minister: My hon. Friend asks an extremely good question. Those discussions are actually ongoing, and the UN Security Council is meeting as we speak. I think that those who have been sceptical about needing to take further action will be struck by what the Arab League and the Gulf Co-operation Council have said, and by what the Libyan opposition themselves have said. If we were having this argument and the Arab League was saying, "No, stay out, don't help", that would be a different situation, but that is not the case. I hope that the Brazilians and others will look at what the Arab League is saying and say, "Actually, this is a different situation and we need to give our support."

Yasmin Qureshi (Bolton South East) (Lab): I know that the Prime Minister recognises the fact that the no-fly zone is not an easy option. In light of that, will he promise the House that if Britain decides to join in the imposition of a no-fly zone, the matter will be debated and voted on in the House?

The Prime Minister: I made a statement two weeks ago and I am making a statement today. We will have a further debate later this week, and I want the House of Commons to be regularly updated and to have every opportunity to discuss, debate and, if it wants, vote on the matter. I do not think we are there yet, but we now have the excellent Backbench Business Committee, which can arrange for days of debate and substantive motions, so if the Government are not fast enough for the hon. Lady, there are other options.

Mr Julian Brazier (Canterbury) (Con): Does my right hon. Friend agree that a solution can be found before time runs out only if it has an Arab face on it? Does he agree that the two ways in which it can have that are,

[Mr Julian Brazier]

first, if weapons and ammunition are fairly rapidly allowed to reach the rebels, who face an extremely well-armed enemy, and secondly, as my hon. Friend the Member for Mid Sussex (Nicholas Soames) suggested, if the Egyptian and Saudi air forces are brought very much into the frame for any possible no-fly zone?

The Prime Minister: My hon. Friend speaks with great expertise about these matters. There is an Arab face on this already because of what the Arab League and the Gulf Co-operation Council have said, and that makes a big difference. When we speak to Arab leaders in the Gulf, they are very clear—unanimous, even—that Gaddafi has to go, the regime cannot continue, it is not legitimate and the situation is bad for the region. I think there would be support were a no-fly zone to happen—not only verbal support but, I hope, military support as well.

I cannot be specific about the two countries that my hon. Friend mentions. Obviously Egypt has all sorts of challenges in front of it at the moment, but I have had personal strong support from other Gulf leaders on this issue.

Clive Efford (Eltham) (Lab): The fact that arms that could have been sold by this country and many other western countries are being used against the people fighting for freedom in Libya highlights the unacceptable nature of the arms trade. Were there any discussions at the European Union about the possibility of international agreement about who we should deal with regarding arms in the future, to prevent such circumstances from coming about?

The Prime Minister: There was not that discussion at the European Council on Friday, because we were really talking about the two issues of the immediate situation in Libya and the neighbourhood policy that Europe should have towards north Africa and countries that are yearning for democracy.

The hon. Gentleman is right to say that we have to consider such issues closely. I do not believe that the arms trade is always and everywhere a bad thing, because small countries have a right to defend themselves. A responsible trade, properly regulated, is acceptable, but although we have some of the toughest rules, we have to ask ourselves, "Are they working, and how can we improve on them?"

Mr William Cash (Stone) (Con): The Prime Minister will understand if I tell him that I was a little troubled to hear him say that we would police the arms embargo. Should we not use political will rather than legal ingenuity to ensure that arms go to help those who are resisting that dreadful tyrant?

The Prime Minister: As I have said in answer to several hon. Members, we do not rule those things out. We will look closely at the arguments, but clearly, when a UN arms embargo is in place, there are legal and practical problems with going down a different track. We should focus on the pressures that we can put on the Gaddafi regime. We should not rule out other possibilities —we can discuss those with allies—but they are not immediately on the table.

Mark Hendrick (Preston) (Lab/Co-op): Further to the question from the hon. Member for Wellingborough (Mr Bone), has the Prime Minister assessed—or is he aware of any such assessment—how soon a no-fly zone must be implemented for it not only to save civilians on the ground, but to change the course of events there?

The Prime Minister: That is a very good question. The point is that a no-fly zone may not make a decisive military difference, but it could make a difference. Clearly, the sooner it is put in place, the more difference it could make. However, the British Government are extremely clear that the three conditions must be in place—there must be a legal basis, regional support and a demonstrable need. Clearly, if those three conditions are met and if international partners want to go ahead, the sooner the better, because the effect, which people can debate, will be that much the greater.

Mark Pritchard (The Wrekin) (Con): May I offer the Prime Minister my full support and congratulate him on his leadership? What more can be done by the international community, preferably through Arab countries, to ensure that Libyan opposition forces deliver a self-help no-fly zone by the provision of, and the giving of access to, their own portable, shoulder-launched surface-to-air missiles? That would provide a Libyan solution to what is primarily a Libyan problem, in addition to any future UN no-fly zone.

The Prime Minister: Clearly, while some of the military has remained loyal to Gaddafi, a lot of the military supports the rebels. Both sides in the conflict have a number of armaments, as my hon. Friend will have seen from the evidence. There are problems with arming the rebels. I mentioned the legal situation in respect of the arms embargo, but there are practical problems and questions about how quickly arming rebels would lead to any material effect. We can look at that, and we do not rule it out, but we should focus our efforts on the diplomatic efforts—the isolation of Libya—and on the contingency plans, such as a no-fly zone.

Mr Andy Slaughter (Hammersmith) (Lab): I thank the Prime Minister for his comments on settlement building, but what are the Government doing to assist the people of Egypt? Egypt is still a military-run state. We should not sell it arms, but assist it to build civil society, political parties and the rule of law. How can the Government assist in those aims?

The Prime Minister: We are assisting the Egyptian people at this time—we hope—of transition. When I went to Cairo, I met Field Marshal Tantawi, the interim leader of that country. While we obviously want to see civilian democratic rule, and while there is at least the chance of a transition, which we are doing everything we can to help, one should not be too unfair about the Egyptian military's role in ensuring that Mubarak left office. I have spoken to the new Prime Minister in Egypt. Our embassy, which is very well staffed and organised, is arranging a number of political contacts to ensure that we do everything to help that country with its growth towards democracy.

Duncan Hames (Chippenham) (LD): Regional support has now been given, and the need is demonstrated. Five years ago, Heads of State at the UN General Assembly agreed that they

"are prepared to take collective action, in a timely and decisive manner, through the Security Council…should…national authorities manifestly fail to protect their populations."

Is it not time that the Security Council acted collectively to protect the people of Libya?

The Prime Minister: The hon. Gentleman puts his point very strongly. We hope that the Security Council takes such action. There is now a discussion in the Security Council, and clearly, we must make the arguments as best we can. We can make points about the conditions that must be fulfilled before a no-fly zone comes into operation, but we should put forward other proposals, such as sanctions, asset bans and all the rest of it, that can add to pressure on the regime. We should not see one thing as a silver bullet, because there is no silver bullet—it is about ramping up the pressure.

Chris Leslie (Nottingham East) (Lab/Co-op): There are many dimensions to the tragedy in Japan, but on the lessons to be learned for emergency planning, surely one of the issues that is starting to become clear in terms of nuclear facilities is the inability of back-up systems adequately to pump around coolant when the primary systems fail. Will the Prime Minister ensure that the Health and Safety Executive properly stress tests our current and planned nuclear facilities?

The Prime Minister: The hon. Gentleman makes a good point. I am sure that the head of the nuclear inspectorate, who is doing this report for us, will look at this issue. As I understand it, it was a legitimate issue in Japan, where the combination of the earthquake and the tsunami meant that the systems were so severely tested. We have to stress test all our arrangements—although obviously in different circumstances on the ground—as toughly as we can.

Tony Baldry (Banbury) (Con): Will my right hon. Friend confirm that the Government intend that sooner or later Gaddafi and those closest to him who are most responsible for attacks on civilians and crimes against humanity will be held to account by the International Criminal Court?

The Prime Minister: Yes, I can certainly make that point. It is a very strong point. We talk about pressurising the regime, but we also want to isolate it. Anyone around or thinking of supporting Gaddafi should be thinking about the long arm of the law, its long reach and its long memory, and I think that the International Criminal Court is very helpful in that regard.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Learning from previous no-fly zones, will the Prime Minister confirm that with hindsight it was wrong in Bosnia to have insisted on an equality of sanctions and to have put in place rules of engagement that were not specific enough about helicopters and trade planes?

The Prime Minister: The hon. Lady makes a point. There are many lessons to learn from all stages of the conflict in the former Yugoslavia, perhaps Bosnia in particular. One can make all sorts of arguments about whether the arms embargo should have been lifted, or whether there should have been tougher action earlier against the Serbs, but the most important lesson was that the international community has to be engaged and decisive at an earlier stage. That is the lesson that we should learn.

Geoffrey Clifton-Brown (The Cotswolds) (Con): In welcoming my right hon. Friend's stance in leading the international community in taking difficult decisions against Gaddafi, will he remind it that Gaddafi has form? He launched a brutal military takeover in 1968 and became the leader of a pariah state that tried to acquire nuclear weapons in the 1970s and 1980s. Is it not imperative that the international community takes action now?

The Prime Minister: This is an important point for people who are traditionally sceptical about these sorts of measures. We should consider what life could be like with a Gaddafi in charge of a pariah Libyan state, with all the oil money it would have and all the ability it would have to wreak havoc internationally. We know what this man is capable of, because we have seen it in the past with Lockerbie and all the other problems, not least his funding of the IRA.

Mr Andrew Love (Edmonton) (Lab/Co-op): On the one hand, the Prime Minister has been urged to take action as soon as possible, because of the urgency of the situation; on the other, he has been asked to follow the UN track. He has indicated that the Arab League and, as far as we can judge, internal opinion in Libya support a no-fly zone. Will he recommit himself to ensuring that we get the legitimacy of a UN Security Council resolution before action is taken?

The Prime Minister: Obviously, we want to have the widest possible international support. Also, we should not proceed without a proper legal basis. The hon. Gentleman mentions the Libyan opposition. They have made it absolutely clear in what they said that they want a no-fly zone and to have this sort of international support.

Andrew Bridgen (North West Leicestershire) (Con): Does not the welcome support of the Arab League for a no-fly zone show that the Prime Minister was both forward thinking and right when he proposed it two weeks ago? Does not his stance on this issue contrast enormously with the Leader of the Opposition, who appears to have flip-flopped in a way reminiscent of his predecessor?

The Prime Minister: I thank my hon. Friend for what he says. The point I made two weeks ago was not that we should introduce a no-fly zone immediately, but that with such a situation we have to plan in advance for contingencies that may become necessary. I believe that the time is coming when it will be necessary for the international community to step forward and make this decision. However, I do not pretend for a minute that it is a one-shot wonder that will deal with the situation—it is not—but it could help.

Nick Smith (Blaenau Gwent) (Lab): Regarding the no-fly zone, the National Audit Office says we have just eight Typhoon pilots trained for ground attack. The lives of two Nimrods planned for early retirement have been extended. Will the Prime Minister look again at the decision to retire our Harrier fleet?

The Prime Minister: The aeroplane that is not being used at all in Afghanistan is the highly capable Typhoon, in which this country has invested an enormous amount of money and which is now proving to be an extremely good, well-performing aircraft. In our defence review we are thinking exactly about situations such as these, where we need highly flexible, well-trained armed forces, with investment in special forces, helicopters and transport planes such as the A400M. That is exactly the situation that we are envisaging.

Jason McCartney (Colne Valley) (Con): Having served in Operation Warden in the no-fly zone over northern Iraq in the 1990s, I echo the Prime Minister's comments about how it is possible to have a successful no-fly zone without committing ground troops. What does he think of the suggestion made by one of my constituents—a member of the Stop the War Coalition who e-mailed this lunchtime—of using financial funds seized from the Gaddafi regime to buy arms for the rebels?

The Prime Minister: I did not know about my hon. Friend's brave record in flying for the Air Force in a no-fly zone. He brings great personal expertise, so it is good to have his backing. The frozen resources belong to the Libyan people, and we should bear that in mind when we start thinking of different and ingenious ways of spending their money.

Paul Flynn (Newport West) (Lab): Should we not avoid a rush to complacency on nuclear safety? The pictures from Fukushima have already churned up people's deep-seated fears of a nuclear catastrophe and reduced the acceptability of nuclear installations, which are uniquely dangerous in cases of human error, terrorist attack or natural disaster. Should we not look again at our rush to nuclear?

The Prime Minister: We have to put aside our personal preferences and prejudices about nuclear power and ask some tough scientific questions about what recent events demonstrate and what we should learn. There are big differences between Japan and Britain. We do not yet know the full extent of what has happened at the reactors, and, as the leader of the hon. Gentleman's party said, we should not rush to judgment in considering these issues.

David Rutley (Macclesfield) (Con): I welcome the Prime Minister's efforts to engage the international community in developing a robust response to the barbaric acts of Colonel Gaddafi. What steps are being taken to provide humanitarian aid to displaced people in Libya, especially in the increasingly isolated town of Misurata in the west?

The Prime Minister: My hon. Friend asks an important question. What we have done so far has focused on the Egyptian and Tunisian borders, where Britain has led the way in supplying tents and blankets and in flying people back home to Egypt, because we want to ensure that a bad humanitarian situation does not become a humanitarian crisis. His point about access to western Libya is vital. Humanitarian aid agencies do not have access to all areas; they absolutely should have, and the Libyan authorities should see to that straight away.

Thomas Docherty (Dunfermline and West Fife) (Lab): Leaving aside the juvenile and puerile crack from the hon. Member for North West Leicestershire (Andrew Bridgen), the Prime Minister will know that there is a cross-party consensus on the need for a no-fly zone. Given that time is of the essence, on how many occasions has he personally spoken to President Obama and on how many occasions has the Foreign Secretary spoken to Secretary of State Clinton?

The Prime Minister: The Foreign Secretary has probably lost count of the number of times he has spoken to Secretary of State Clinton—they seem to have an almost permanent telephone special relationship. I spoke to President Obama about the situation last week, and I have had a number of conversations with him about it. Crucially, now that we have a National Security Council and a National Security Adviser—which slightly mirrors the Americans' arrangements—our teams have almost daily conversations, so we are totally up to date with each other's thinking. We want the US to focus on what is happening in Libya and on what we need to do as an international community.

Mark Lancaster (Milton Keynes North) (Con): In the light of recent events, has the time come to expand the stabilisation unit?

The Prime Minister: My hon. Friend makes a good point. There is now special stabilisation funding, which is under all sorts of pressure as there are so many unstable parts of the world. We looked at this in the defence review, but we should keep it under review.

Paul Uppal (Wolverhampton South West) (Con): Is not the tragic situation in Japan made even more acute by the country's demographic time bomb? Like many western European countries, Japan has an ageing population. It is in times of need that we find out what unites us rather than tears us apart, so will the Prime Minister assure me that in this darkest of hours Japan will see the full force of British friendship and generosity?

The Prime Minister: I can absolutely give my hon. Friend that assurance. I spoke to our ambassador at lunchtime today, and he said that the way in which we respond will be very important to the Japanese people. Japan and Britain have a very strong, close relationship, and we should do everything we can to say, "We are with you at this time of need, and we are going to give you aid and help." Japan is an enormously capable country with fantastic technology and ingenious people, so if anyone can cope with the appalling things that have been visited on them, they can. There is also room for friends to help as well.

Nadhim Zahawi (Stratford-on-Avon) (Con): Gaddafi winning would be the biggest nightmare for the Libyan people. Two weeks ago, the Prime Minister took the

lead in calling for a no-fly zone, against the tide of public and media opinion. Now, however, the Arab League and the Gulf Co-operation Council have supported a no-fly zone. Considering the difficulties in Europe on Friday, if similar difficulties were to occur in the UN, would my right hon. Friend be prepared to lead a coalition of the willing to enforce a no-fly zone?

The Prime Minister: As I have said, the conditions for a no-fly zone must include the existence of regional support. Many hon. Members on both sides of the House have already made that point. There should also be a demonstrable need for it on the ground, and I think that that is becoming the case. There must also be a clear legal basis for it, and that is why we are pushing this matter at the UN and why we will, I hope, make persuasive arguments about why a new UN resolution should include lots of different measures and steps that we can take, including plans for a no-fly zone. I think that we should pursue that track.

Neil Carmichael (Stroud) (Con): I applaud the Prime Minister for the leadership he has shown during this crisis. May I draw his attention to the problems of getting support for a no-fly zone, and to the disgraceful use of mercenaries? Is this not the time to have a debate on broadening the scope of the United Nations' capacity to act?

The Prime Minister: This has been a perennial debate about whether the UN should have more specific capacity to act. We can certainly have that debate. I would make the argument, which I also make about the European Union, that, in the end, all the institutions in the world depend on the political will of their members. What was required on Friday in Europe—and we got some of it—was the political will for Europe to respond to what is happening in its neighbourhood. The same applies to the UN, and I think that there is political will there. It is incredible that a Security Council resolution was passed so quickly, and we need to continue to show that political will so that we can ensure that Gaddafi fails.

Rehman Chishti (Gillingham and Rainham) (Con): In the light of the recent demands by the protesters in Bahrain for the monarchy to step down and for the setting up of an Islamic republic similar to that of Iran, has the Prime Minister made any assessment of Iran's involvement in the events in Bahrain?

The Prime Minister: A number of people have speculated about that. From the information that I have, I would say that the Bahrainis have made efforts, not just recently but over the years, to make a stronger civil society and to put in place some of the building blocks of democracy. Of course there is an argument about whether they should go further and faster, and I would urge that they respond to what is happening now with further reform rather than with repression.

David Morris (Morecambe and Lunesdale) (Con): Will my right hon. Friend give a categorical assurance to the nuclear power industry in the United Kingdom? What has happened in Japan is catastrophic, but there are distinct differences between the nuclear power industry here and that of Japan.

The Prime Minister: The nuclear industry here in the UK has a strong safety record, but it must never be complacent, because the consequences of failure can be so dreadful. We have to be eternally vigilant. What has happened on the other side of the world following an earthquake and a tsunami might sound like something that we might not experience in the UK, but if there are lessons to learn about how reactors fail, whether they fail safe and all the rest of it, of course we should learn them.

Mary Macleod (Brentford and Isleworth) (Con): I know that my right hon. Friend has visited Rwanda. During the genocide there, the UN retreated and the world stood by as thousands of lives were lost. Will he reassure me that we will continue to show leadership on the Libyan situation, so that many lives will not be lost in the same way again?

The Prime Minister: The Rwandan example is a powerful one, partly because of the immense scale of the barbarous murder that took place. Anyone visiting that country, especially the memorial built on top of the graves of literally hundreds of thousands of people, will see it as a standing warning of the fact that genocide can take place in our world, even today.

Mr John Baron (Basildon and Billericay) (Con): May I suggest a note of caution to my right hon. Friend about a no-fly zone? Our record of intervention in this region has not been good. Meanwhile, a no-fly zone could require Colonel Gaddafi's forces to be attacked and poses the question of what happens if we fail.

The Prime Minister: Of course we have to show caution and forethought and we have to think through all the consequences of our action. As I have said, however, I think the consequences of inaction are going to be worse than taking the sort of steps that I have spoken about. Of course we must learn the lessons from other conflicts, but there is a real difference here: the Arab League, the Gulf Co-operation Council and the Libyan opposition are all saying, "Please will you help us in this one particular way?" Turning the Iraq example on its head, if we turned round and said, "No, there is no question of this at all", opinion in the Arab world might well be, "You look after yourselves when it is about your perceived security, but when it is our future and our democracy, where are you when we need you?"

Henry Smith (Crawley) (Con): Will the Prime Minister join me in paying tribute to fire and rescue service officers from West Sussex, based in my constituency, who are now in Japan helping with the relief effort after the earthquake and tsunami—and, indeed, to all the emergency workers from this country who so readily go out to disaster areas around the world, whether it be Haiti, New Zealand or wherever?

The Prime Minister: I certainly take great pleasure in praising people in the emergency services from my hon. Friend's constituency and, indeed, from around the whole country who, at the drop of a hat, jump on an aeroplane and head off to New Zealand, Haiti or Japan and probably witness some appalling and truly harrowing scenes, which they then have to deal with. This is more than just a gesture from Britain to Japan, as these are

[The Prime Minister]

some of the most highly trained people in our country and are great experts in what they do. I am sure they will make a real difference.

Mr Speaker: I am grateful to the Prime Minister and the House.

Points of Order

4.42 pm

Jeremy Corbyn (Islington North) (Lab): On a point of order, Mr Speaker. During Defence questions, the Secretary of State outlined the amount of money spent on Trident preparations. In a debate in Westminster Hall a couple of weeks ago, a Minister outlined the amount spent and said that it was custom and practice to spend that. I want to know how I can find out under what authority that money is spent when all the Ministers seem to be incapable of identifying a budget head that would demonstrate that they are lawfully allowed to spend a certain amount on preparations for building a new nuclear submarine.

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. My sense is that he will want to table further—I use that word advisedly, as I dare say he has already tabled them—parliamentary questions precisely to identify the point on which he wants a specific answer. I think that is probably about as much helpful advice as I can give today, but I see the Secretary of State for Defence in his place and he will have heard the concern expressed.

Andrew Bridgen (North West Leicestershire) (Con): On a point of order, Mr Speaker. With regard to the comments of the hon. Member for Dunfermline and West Fife (Thomas Docherty), who is no longer in his place, I urge all right hon. and hon. Members to consult the *Hansard* record for Prime Minister's Question Time two weeks ago, which shows that there has been a considerable shift in the position of Labour Members on no-fly zones.

Mr Speaker: No. That is not a point of order. I yield to none in admiration for the attendance record and level of commitment that the hon. Member has shown over the past 10 months, but he must not abuse the point of order procedure to score what some people might well think is a purely partisan point. That is very untoward. I am sure he will not do that again.

Scotland Bill

[2ND ALLOCATED DAY]

Further considered in Committee

[MR NIGEL EVANS *in the Chair*]

Clause 24

TAXATION: INTRODUCTORY

4.45 pm

Stewart Hosie (Dundee East) (SNP): I beg to move amendment 37, page 16, line 17, at end insert—

'(f) Chapter 8 provides for an Order in Council to specify, as an additional devolved tax, a duty charged on fuel'.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): With this it will be convenient to discuss the following:

Amendment 58, page 16, line 17, at end insert—

'(c) Chapter 5 provides for an Order in Council to specify, as an additional devolved tax, a tax charged on quarrying or mining,'.

Amendment 59, line 17, at end insert—

'(d) Chapter 6 provides for an Order in Council to specify, as an additional devolved tax, a tax relating to air travel,'.

Amendment 60, line 17, at end insert—

'(e) Chapter 7 provides for an Order in Council to specify, as an additional devolved tax, a tax charged on the profits of companies,'.

New clause 8—*Duty on fuel*

'In Part 4A (as inserted by section 24), after Chapter 4 insert—

"Chapter 8

Duty on Fuel

80O Duty on fuel

The Secretary of State shall, within one month of the coming into force of section 80B of this Act, lay in accordance with Type A procedure as set out in Schedule 7 to this Act a draft Order in Council which specifies as an additional devolved tax a duty on fuel.".'.

New clause 15—*Scottish tax on quarrying or mining*

'In Part 4A of the 1998 Act (as inserted by section 24), after Chapter 4 (inserted by section 30) insert—

Chapter 5

Tax on quarrying or mining

80L Tax on quarrying or mining

The Secretary of State shall, within one month of the coming into force of section 80B of this Act, lay in accordance with Type A procedure as set out in Schedule 7 to this Act, a draft Order in Council which specifies as an additional devolved tax a tax charged on quarrying or mining.".'.

New clause 16—*Scottish tax on air travel*

'In Part 4A of the 1998 Act (as inserted by section 24), after Chapter 4 (inserted by section 30) insert—

Chapter 6

Tax on air travel

80M Tax on air travel

The Secretary of State shall, within one month of the coming into force of section 80B of this Act, lay in accordance with Type A procedure as set out in Schedule 7 to this Act, a draft Order in Council which specifies as an additional devolved tax a tax charged on air travel.".'.

New clause 17—*Scottish corporation tax*

'In Part 4A of the 1998 Act (as inserted by section 24), after Chapter 4 (inserted by section 30) insert—

Chapter 7

Tax on profits of companies

80N Tax on profits of companies

The Secretary of State shall, within one month of the coming into force of section 80B of this Act, lay in accordance with Type A procedure as set out in Schedule 7 to this Act, a draft Order in Council which specifies as an additional devolved tax a tax charged on the profits of companies.".'.

Stewart Hosie: It is a pleasure to serve under your chairmanship on this second Committee day, Mr Evans. I look forward to what I hope will be a detailed and constructive debate. Given that a Treasury Minister is present, we may receive some intelligent, enlightening and instructive answers from the Government. I am intrigued to see the Exchequer Secretary to the Treasury, along with the Secretary of State and a junior Minister, the Under-Secretary of State for Scotland. Obviously the Government decided to bring in the big guns to do the difficult stuff. I am sure that that will help over the next two days.

There are four taxes that we wish to be devolved: corporation tax, fuel duty, the aggregates levy and air passenger duty. I shall touch on the first two briefly, and say a little more about the aggregates levy and air passenger duty later.

The Bill has been considered by the Committee in the Scottish Parliament. As Ministers know, there was much agreement on many matters, but there was disagreement on a number of others, including corporation tax. I think it useful for this Committee to understand the minority view of the Scottish Committee, which said:

"A major failing of the Scotland Bill is that it does not devolve control over corporation tax, one of the most important economic levers available to a Government pursuing economic growth. In many countries corporation tax has been the key component of a strategy to increase competitiveness and improve growth. Without this power, however, Scotland is missing out on the opportunity to give itself a competitive edge... This situation could soon be worsened by the UK Treasury's consideration of devolving corporation tax to Northern Ireland. The CBI Northern Ireland has stated that cutting corporation tax in Northern Ireland would have a 'transformational' impact on the Northern Irish economy—giving an immediate boost to the profits of businesses and generating 90,000 jobs. With control over corporation tax Scotland would be in a position"

to do much the same. The very fact that the United Kingdom Government were taking a similar approach to corporation tax would justify that position, the Committee said.

As Scottish and other Members will know, a significant body of business opinion backs the devolution of corporation tax—

Mr Brian H. Donohoe (Central Ayrshire) (Lab): Name him.

Stewart Hosie: I did not want to take up too much time by listing all the business people in annexe A of the Committee's minority report, but I shall be happy to do so if the hon. Gentleman wishes.

[Stewart Hosie]

It is not simply the business community that has backed the devolution of corporation tax. A man who is hugely respected across the political divide in Scotland is Campbell Christie, the former leader of the Scottish Trades Union Congress. He has said:

"Higher growth will create jobs and generate more tax revenues to protect frontline public services, as well as repaying the high level of debt. To achieve this, Scotland's government need greater economic powers. But the Calman legislation does not meet this need."

Fiona O'Donnell (East Lothian) (Lab): I cannot let the hon. Gentleman get away with saying that the business community in Scotland supports the devolution of corporation tax. The Scottish Parliament Bill Committee report clearly states that there was not widespread support from that community.

Stewart Hosie: I did say that there was significant support in the business community, and I stand by that. The one thing I will not do in the next two days is engage in the politics of the Committee report. I want to consider its recommendations, and indeed identify proposals to which there was opposition. There is certainly significant business support for the devolution of corporation tax, which will enable the right decisions to be made to engender economic growth.

Mr Donohoe: Will the hon. Gentleman give way?

Stewart Hosie: Not at the moment.

Campbell Christie also said:

"I firmly believe a Scottish government equipped to vary all taxes—including corporation tax... would be able to tackle the serious difficulties we face.

I do not want a tax regime to be imposed on Scotland that is utterly unfair and inadequate to meet the challenges we face. I hope Scotland's politicians will join me in opposing these unfair proposals."

I hope that Members throughout the House will note carefully what Campbell Christie said about the devolution of that tax.

Fiona Bruce (Congleton) (Con): The hon. Gentleman says these proposals would be unfair, but one of the fairest things a Government can do when working with the business community is ensure that businesses have time to prepare for change. At present, when there is such a great priority on the economic strengthening of the nation, we need to work in a relationship of trust with the business community. Therefore, is it not unfair to suggest the introduction of this tax at this time?

Stewart Hosie: No, it is not, and if the hon. Lady looks at later amendments she will find that an entire series of them is related to the commencement powers, precisely to ensure that the right things are done at the right time, with the agreement of everybody involved. We will consider that, and I hope the hon. Lady is still present in the Chamber when we do so.

Two specific corporation tax issues relate directly to the Bill's provisions. Existing provisions allow assigned revenue from a share of income tax—one large tax and a chunk from that, and lots of small measures. It would be much better if there was a balanced basket of taxes, so there was not an over-dependence on, and therefore a potential volatility from, having such a large amount of assigned revenue from a single tax. It would also be preferable if there was a personal tax and business taxes, so that they could be offset. It would also, of course, be preferable to remove the perverse disincentive under the Bill in respect of any future Scottish Government reducing income tax. Let us imagine that a Government decided that, for whatever reason, such a measure might be sensible to stimulate growth, but the Scottish Government took the hit in reduced revenue yield from income tax while the UK Government took the benefit of increased corporation tax. The effect of having only a large personal tax, and not a significant business tax, is that it unfairly and unnecessarily removes the number of economic or fiscal levers open to the Scottish Government. That is an important point.

Mr Donohoe: I had experience of the shipyards in the '60s and '70s, and we came upon something called transfer price fixing, whereby companies in Scotland—and elsewhere—would fiddle with the prices, such as those charged for gear boxes at Linwood. How would we overcome that in practice, because I can foresee exactly the same dangers arising under corporation tax?

Stewart Hosie: The hon. Gentleman makes a very interesting point, which relates to what the Government say. They believe in tax competition, as do I, but we must avoid unnecessary tax or regulatory arbitrage not just within the UK but between the UK and other countries. There is a balance to be struck between proper tax competition, which is legitimate and fair and proper to stimulate growth, and unnecessary changes simply to get a quick short-term fix in terms of the arbitrage, which would be unhelpful. That highlights the analogy with price fixing that the hon. Gentleman drew, and he is right to be conscious of that.

We rehearsed the arguments about fuel duty at some length in our debate on the Supply day motion a few weeks ago, so I do not intend to go into that in considerable detail, but I will go into it in some detail.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Is my hon. Friend aware that there is to be a photo call on fuel outside Westminster at 2.30 tomorrow afternoon involving the Leader of the Opposition and the shadow Chancellor? Does that not remind my hon. Friend of a couple of sly foxes complaining there are no more chickens left in the coop?

Stewart Hosie: That is the sort of analogy a crofter from Barra would want to draw. When in opposition, the Liberal part of this Tory-led coalition promised a rural fuel derogation and the Conservative part promised a fuel duty regulator, and instead of being foxes round a chicken coop I would rather they both kept their promises and delivered on their pre-election commitments.

Mr MacNeil: Will my hon. Friend give way?

Stewart Hosie: Not at the moment, because I want to make a couple more points.

As we have said in previous debates, this issue is important because in Stornoway, in my hon. Friend's constituency, fuel routinely costs £6.50 a gallon; in the

Chief Secretary's constituency diesel routinely costs £6.30 a gallon; in the major cities fuel costs more than £1.33 a litre—more than £6 a gallon; and I am told that Orkney recently had the £7 gallon. Hon. Members will know from the testimonials from the road haulage industry, the Freight Transport Association, FairFuelUK, taxi drivers, the Federation of Small Businesses and many others that businesses and communities are struggling with the inflationary effects of high fuel costs.

Mr MacNeil: Tomorrow, the Leader of the Opposition and the shadow Chancellor will complain about the price of fuel, but is not the point that for years and years as the price of fuel rose they said not a cheep? They were utterly blind to the troubles we had in the Western Isles when they were in government, but all of a sudden they want to say something .

Stewart Hosie: It was not that they were simply blind to it; members of the Labour party have said—I believe that their leader recently said this—that Labour found it difficult to implement a fuel duty regulator when they were in power. It was not so much that Labour found it difficult as it actively opposed every attempt to do it.

Mr Russell Brown (Dumfries and Galloway) (Lab): Will the hon. Gentleman give way?

Stewart Hosie: Not at the moment.

Before I get too distracted, let me return to the Bill. The whole point about this amendment and our seeking the devolution of fuel duty powers is that we are not doing this for its own sake. Everyone understands the difficulty, as we have raised it many times, so this is about action. If the UK Government will not act, it is perfectly reasonable for the powers to be devolved so that a Scottish Government can act.

The two significant taxes dealt with in this first group are the aggregates levy and air passenger duty. In written evidence to the Scottish Affairs Committee, Professor Iain McLean said:

"I am not persuaded by the UK Government's reasons for rejecting Calman's other two tax devolution proposals, namely Aggregates Levy and Air Passenger Duty. As Scottish Ministers have correctly pointed out, the litigation which is given as a reason for rejecting the transfer of Aggregates Levy was already in progress when Calman reported. If Scotland is willing to take any revenue risk arising from that litigation, it should be allowed to."

Likewise, the fact that the UK government intends to convert air passenger duty into a 'per plane' duty argues for, not against, devolving it. The principle of subsidiarity implies that the Scottish Government, not the UK Government, should decide how to tax flights originating at small Highland or island airports. Airports don't move. They are a very suitable devolved tax base."

On aggregates duty, Professor McLean said:

"The shape of landfill tax is obviously complementary to that of (any successor to) Aggregates Levy."

Landfill tax is being devolved, so the approach being taken here is rather illogical. It is also a key recommendation of the Scottish Parliament's Committee that aggregates tax is devolved. The final Calman commission report said:

"The Commission has recommended that a number of "green taxes" (Air Passenger Duty, Landfill Tax and the Aggregates Levy) be devolved. As well as helping to increase the financial accountability of the Scottish Parliament, control of these taxes will provide important policy levers in relation to environmental issues, allowing the Scottish Parliament and Government further options in determining policy."

That makes perfect sense. Excluding two of the three taxes in that "green taxes" category not only makes a mockery of the Calman report, but, more importantly, decreases financial accountability and removes what Calman called "important policy levers".

Mr Donohoe: I have campaigned on this issue for some time, as has the aviation group within the House. We have asked for this tax to be looked at because it is just ridiculous, given what is happening in Europe. If the tax were to have been devolved, the Government's position was that it should be devolved, and there was to be a variant—one would presume that that is why the hon. Gentleman is asking for the tax—where would the money come from for any downward variation?

Stewart Hosie: I shall answer that when I come to air passenger duty, because it is a perfectly valid question. In general terms, if any Government chose to increase a tax they would see an increase in yield or behavioural change. Likewise, if they chose to decrease a tax they would either see a reduction in yield or behavioural change. In the case of corporation tax, all the evidence in country after country shows that when business taxes have come down, business tax yield has increased. Those judgments would need to be made depending on the tax, the decision and the part of the economic cycle.

5 pm

Let me carry on with aggregates tax before I get back to air passenger duty. Calman went on to describe the aggregates levy as

"a tax on the commercial extraction in the UK of rock, sand and gravel. Anyone who is responsible for commercially exploiting aggregate in the UK is liable, and the levy is based on weight"—

somewhere under £2 a tonne, and it

"came into effect in 2002, and was introduced to address, by taxation, the environmental costs associated with quarrying operations (noise, dust, visual intrusion"—

and so on. He went on:

"It is also intended to reduce demand for aggregate and encourage the use of alternative materials where possible."

Those were sensible policy objectives. Calman said:

"The levy is usually applied to quarry operators, but it can be shifted to customers or users of the aggregate—the key distinction being where it is commercially exploited. The Aggregates Levy also applies to aggregates drawn from the seabed in UK territorial waters and to imports.

At the time of its introduction, it was envisaged that the Aggregates Levy would not represent a gain to the UK Exchequer because it would be offset by a 0.1% reduction to employer NICs and payments to devolved Aggregates Levy Sustainability Funds."

A number of concessions to the levy already apply in Northern Ireland, so it could sensibly be argued that it already operates differently within different parts of the UK, which makes it much more bizarre that it is not being devolved at this time. Like landfill tax, the aggregates levy clearly accesses what is known as an immobile tax base—quarries tend not to move—hence the commission believed that it would be suitable for devolution. The SNP agrees and that is a firm recommendation of the Scottish Parliament Committee that considered this matter.

Calman described air passenger duty in a similar manner. He said that it was

"an excise duty which is charged on the carriage, from a UK airport, of chargeable passengers on chargeable aircraft. It is paid by the aircraft operator...Presently, there are four rates of duty, depending on the destination of the flight and the class of travel"

starting at £10. He went on:

"The 2008 Pre-Budget Report announced reforms...from a two-distance band regime to a four-distance band regime, set at 2,000 mile intervals from London"

to the capitals of other countries. It

"is not payable on flights departing from airports in the Scottish Highlands and Islands",

which of course means that it is already functioning differently in one part of the UK from the rest, just like the aggregates levy, but:

"Flights from other areas of the UK to airports in this region are liable."

In 2006-07, that brought in about £94 million—quite a limited amount. Calman went on:

"Assuming the devolution, and thus the potential application of different rates in Scotland than elsewhere...did not conflict with EU law, we think the devolution of APD would not be associated with administrative or economic inefficiencies and is therefore potentially achievable."

The SNP agrees entirely. The argument against that is that the Government have APD under review and would not devolve it at the present time, and the Scottish Parliament Committee broadly shares that view and has recommended that it is devolved after the Government have completed their review. On the Scottish National party Benches, we prefer the opinion of Professor McLean, who said that

"the fact that the UK government intends to convert air passenger duty into a 'per plane' duty argues for, not against, devolving it."

Our amendments and the new clauses associated with them lay out the mechanism to complete that devolution. They are very simple amendments and follow the process set out in schedule 7 to the Scotland Act 1998—

Fiona O'Donnell: Will the hon. Gentleman give way?

Stewart Hosie: I am just about to finish.

I commend the amendment to the House.

Iain Stewart (Milton Keynes South) (Con): It is a pleasure to serve under your chairmanship, Mr Evans. I shall address the Scottish National party Members' amendments in a moment, but first let me make an observation about this part of the Bill, particularly clause 24. I strongly support the proposal to devolve substantial tax powers to the Scottish Parliament, making it responsible for raising approximately a third of its revenue. I shall not repeat the arguments I made on Second Reading, but the principle of the Scottish Parliament raising a good part of its revenue is vital. If that does not happen, the threat to the Union will be very real. To underline that point, let me quote from an e-mail that I received last night from a constituent, Mr Haig. It is worth repeating a couple of the points he expressed.

Pete Wishart (Perth and North Perthshire) (SNP): He's bored and is going to resign.

Iain Stewart: Not that Mr Hague—this one is spelt Haig. I think the Foreign Secretary is rather preoccupied with matters elsewhere in the world.

My Mr Haig said, of the First Minister's comments about free tertiary education in his interview on the Andrew Marr programme yesterday:

"What is it the Scots go without that we the English enjoy? More and more people I speak to are seething with this unfairness, especially in the current financial climate. How is it the Scots can afford this, and the English cannot? They even have an extra layer of government, and are able to afford that as well. Mr Stewart, English nationalism is going to rise slowly but surely over this. Your government cannot ignore this, otherwise you are going to create a fracture in the union, and the SNP's most ardent supporters for independence are going to be the English."

I agree. I am a Unionist and I want the Union to survive. The hon. Members for Perth and North Perthshire (Pete Wishart), for Dundee East (Stewart Hosie) and for Banff and Buchan (Dr Whiteford) might support our doing nothing to increase support for their ultimate aim, but I do not.

Mr Russell Brown: I suggest that the hon. Gentleman responds to his constituent by making him fully aware of what the Scottish block grant is. If the Administration in Edinburgh decide to spend money in one fashion, there is no extra funding for it north of the border. In paying for one thing, we are sacrificing something else. Could that be a starting point for the hon. Gentleman?

Iain Stewart: I agree with much of what the hon. Gentleman says, but if the Scottish Parliament were responsible for raising more of its revenue, such arguments would diminish. I think it is right to give it the flexibility to raise additional revenue, if it so wishes, to fund extra programmes in Scotland from which my constituents south of the border may not benefit.

I agree with the incremental steps proposed in clause 24. We are for the first time starting to disaggregate the unitary tax system in the United Kingdom. That will have many consequences, some of which will be unforeseen, so we need to proceed with great care and attention to detail. I strongly welcome the proposal that we should not rush to set up a completely new system in one go. In particular, proposed new section 80B, which clause 24 introduces, contains a provision to allow the subsequent devolution of additional tax powers. That is the right way to go, rather than trying to devolve too much at this stage.

The hon. Member for Dundee East raised perfectly valid points about devolving other taxes, including air passenger duty, fuel duty and corporation tax, and we might well come around to doing that in the fullness of time. The Scottish Parliament's response to the Bill noted that

"international experience does show some scope for differentiation of corporation tax,"

and we may get to that point. However, there are huge difficulties and intricacies that we must first consider about the operation of corporation tax. A later clause goes into some detail in defining a Scottish taxpayer for the purposes of the Bill and we would have to do something very similar for corporation tax. If a company were primarily located in Scotland but had its tax

headquarters elsewhere, we would have to work out exactly which components of its income were liable for corporation tax.

Stewart Hosie: I have heard the hon. Gentleman make that argument before. He is being reasonable, and is making a reasoned case, but I disagree with him. However, does he accept the principle, in relation to the last point that he made, that tax liability would follow economic activity?

Iain Stewart: There will be huge consequences, some foreseen, but others unforeseen. We would need to undertake a huge amount of research to work out how to begin to disaggregate what has been a unitary UK tax system. I am not saying that it is impossible, or that it is something that we should not look at in future, but for the purposes of the Bill, I do not think that it is necessary, because clause 24 makes provision to look at devolving additional tax powers in future.

I am not going to say anything more at this point, because I want to deal in detail with other measures when we come on to the relevant clauses. Scottish National party Members have made a point about air passenger duty and landfill tax. I am perfectly content that measures are being negotiated at European level and elsewhere. Until they are resolved, it would be premature to include the devolution of those taxes in the Bill. I accept that the Calman view was that those matters should be devolved in the fullness of time, and I support that, but it is not necessary to include it at this point. I am therefore afraid that I cannot support the amendments if they are pressed to a vote.

Ann McKechin (Glasgow North) (Lab): What a difference a week makes, as we continue our scrutiny of the Bill after our sitting last Monday. On Thursday, we witnessed a plenary debate in the Chamber at Holyrood on the recommendations in the report on the legislative consent motion. At the conclusion of the debate, there was a vote, and we witnessed a remarkable about-turn, as the Scottish National party supported the motion recommended in the majority report. After two years of sniping on the sidelines, it has joined the three other major parties in Scotland to support the Bill, and I genuinely welcome that.

Who is surprised at the pattern that has emerged yet again? This is a party that did not join the constitutional convention, but supported the devolution referendum. It came into power four years ago, promising that its top aim above all others was a referendum on independence, which was then dropped. The interesting allegations in Wikipedia about the First Minister's comments on the party's real aims, rather than all-out independence, add to the mix the overwhelming conclusion that it can talk about independence as much as it wants, but the SNP has never been on the true side of the people of Scotland, which is why it constantly has to play catch-up.

We have had an interesting debate about fiscal decentralisation.

Stewart Hosie: I am intrigued by the hon. Lady's introductory remarks. They bear no relation to the amendments, but that should not surprise us.

There is indeed a very serious matter at stake. We have tabled an amendment to devolve the aggregates levy, which is a recommendation by the Select Committee on Scottish Affairs and by Calman, and will make the Bill better. If we can divide the Committees, will Labour join us?

Ann McKechin: We certainly support the principle of devolving the aggregates levy, but I wish to make sure that when we scrutinise the Bill we do so in the interests of the people of Scotland. There is genuine concern about court proceedings—interestingly, the hon. Gentleman failed to mention the comments by the British Aggregates Association in the report on the legislative consent motion, which said that it was sure that it was going to win the court case. Well, we will just have to see when that case comes to court. However, I would not want a Scottish Administration to be responsible for the risks that may result from a loss in that case, because that would not be in the interests of the Scottish taxpayer.

The report by the Holyrood Committee offers an exceptional exposition of the contentious remarks made over a number of years by the Scottish Government about why fiscal decentralisation would be to the benefit of the Scottish economy. We support the measures in the Bill, because we believe that they will make the Scottish Government and Scottish Parliament more accountable to the taxpayer. They already benefit from uniquely broad spending powers, and the Bill rightly makes that power more accountable to the electorate. However, as the Committee knows, the Scottish Government argued prior to the establishment of the Committee at Holyrood that full fiscal decentralisation would grow the Scottish economy by an extra 1% per year. I refer hon. Members to paragraph 37 of that report, which states that

"the First Minister's claim—of an additional 1% growth *per year*—is an exaggerated version of what Professors Hughes Hallett and Scott have stated in their research."

The Committee concluded that the evidential base for the statements made by Professors Hughes Hallett and Scott was, in its words, "remarkably weak" and that claims did not stand up to scrutiny. The Scottish Government did not provide any detail in the legislative consent motion.

5.15 pm

It is interesting that the Scottish National party is proposing two further taxes, fuel duty and corporation tax, and spent, on my reckoning, just under 20 minutes presenting what is apparently a full case explaining why those should be devolved to the Scottish Parliament. That, again, follows a pattern. There are no costings, no specification, and no material explaining the practical implications for taxpayers, employers and Scotland's financial sector, or the collection plans.

Fiona O'Donnell: Is my hon. Friend aware that when the Scottish Affairs Committee played good cop to the Holyrood Bill Committee's bad cop, Professors Hughes Hallett and Scott went as far as to say that there was no real link between fiscal autonomy and economic growth, and that it is what is done with the powers that achieves growth?

Ann McKechin: My hon. Friend raises a pertinent point and one which even those who have argued for fiscal decentralisation admitted in Committee, including Ben Thomson from Reform Scotland, who had been a

[Ann McKechin]

firm advocate of that policy. It was stated that all the evidence showed that it is the powers that are available and how they are used, and factors that are not purely fiscal, such as technological progress, investment in human capital and policies on education, that largely determine economic growth. Many of those powers are already with the Scottish Government.

Stewart Hosie: The hon. Lady asserted that no information had been provided. The Scottish Government provided an extraordinary amount of information, much of it at the request of the Scottish Affairs Committee, and all of which, I understand, is in the annex to the full report that it published, so that assertion was wrong.

Ann McKechin: The hon. Gentleman did not refer to any of that evidence in support of his amendments. He also did not refer—why would he; it would be too embarrassing—to the purpose of the national conversation, which the Scottish Government instructed, and the many position papers that civil servants were struggling to produce and make sense of, at considerable cost to the Scottish taxpayer at a time when the resources could have been much better used.

The hon. Gentleman provided us with no independent evidence or statistics showing how, if fuel duty is devolved to the Scottish Parliament, it will result in a benefit to the taxpayer. The matter is urgent and we require immediate action. That is why we have called on the Chancellor to reverse the Tory-led Government's VAT rise immediately and to suspend the fuel duty rise due in April. That would provide immediate relief to taxpayers and to drivers right across Scotland. That is the best way we can help people with motoring costs now.

The Calman commission recommended that the power on aggregates be devolved. We support that principle. The Government have indicated their intention to devolve it, presumably on the assumption that the court case will be decided in the Government's favour. I would welcome the Minister's comments when he replies, to confirm that that is still the Government's intention.

It would be helpful to the Committee to understand what progress has been made on the Government's review of air passenger duty, when they think that review will be complete, when they expect to be able to devolve the tax and whether they still wish to maintain the scheduled date of 2015.

New clause 17 relates to corporation tax, which the Scottish Government have been talking about for a considerable time. The pertinent questions that we all must consider carefully are what exactly does the SNP wish to do with the proposed power, where does it see the revenue gain coming from, and on what evidence is that based. Do we follow the Irish example of having a super-low rate, or do we follow the view of the SNP in Edinburgh and have retail business levy proposals, which were very badly thought out and arbitrarily proposed without consultation? Are we a high-tax or low-tax nation? Do we believe in high-quality, good value public services, or do we want to have a lower public expenditure base?

Some people believe that Ireland is an exact example for Scotland, but I argue that it certainly is not. Sadly, we no longer have the arc of prosperity argument from the Scottish Government. Nevertheless, it is important to note that when Ireland introduced its policy it was in a very weak economic position and the loss of revenue was relatively small, but that would not be the case for Scotland, which has a well-developed economy. If corporation tax is devolved, EU state rules require that the devolved Administration must not be protected from the revenue consequences of their decision.

It is clear that cutting corporation tax rates will cut revenue, at a minimum for some years, as suggested in the Exchequer evidence to the Holyrood Committee:

"A 10% cut in corporation tax in Scotland might cost about £600 million per year for an indeterminate period."

The hon. Member for Dundee East (Stewart Hosie) has not specified what figure his party proposes for corporation tax, what loss to the Exchequer will result and when his party believes it will recoup the loss. No one in Scotland will want us to vote on the issue until we have the pertinent answers.

The CBI and other business organisations have firmly stated that they are against differential rates within the UK. Many of the experts who gave evidence to the Committee in Holyrood noted that it would create economic distortions—the brass-plating of booking profits through Scotland by manipulating transfer pricing. I refer Members to paragraph 54 of the Holyrood Committee's report, which states:

"The Committee does not believe that Scotland should seek to maximise its tax income by becoming a tax haven for companies operating elsewhere in the UK."

I entirely agree with that approach.

Some evidence was given regarding the example of Switzerland, which has a highly federalised and separate tax system in its various cantons, but the Swiss example points out that that would tend to lead to lower public expenditure. Is this what the SNP proposes for Scotland? The people of Scotland need to know whether the answer is yes or no. Paragraph 494 of the Committee's report states that Professor Anton Muscatelli noted that the Swiss example is one where there has been

"a shift from corporate taxation to personal income taxation."

He also pointed out that that is a volatile tax.

Hon. Members will be aware of that volatility, which occurred after the 2007 fiscal crisis. The major payers of corporation tax in this country are our banks and financial institutions. They took a huge hit in 2007-08 and onwards. The cost for the Scottish public amounted to £10,000 for every man, women and child in Scotland. Where would those funds have come from if the Scottish Government had had to bear the entire cost? Is the SNP willing to allow Scottish public finances to take that level of risk? Is it saying that it wishes to see a cut in taxes on banks? Yes or no? We have had no answer to that either. Labour has argued that the banks are not paying an appropriate share towards deficit reduction in this country and has again called today for the bank levy to be increased in the Budget.

In paragraph 505 of the Holyrood report, Professor Iain McLean, whom the hon. Member for Dundee East quoted, points out that the Northern Ireland experience between 1920 and 1972, when corporation tax was devolved, was marked by widespread tax avoidance.

Many similar questions need to be asked, but at the end of the day the SNP has failed to say what it wants to do with the tax, what kind of tax regime it wants in

Scotland and what it proposes in relation to bank taxes: is it for lower or higher taxes? Today, there has been the sound of deafening silence.

I have a number of questions to ask the Government about clause 24 itself. They have still to respond in detail to the Holyrood Committee's report, and given the timing of next week's Budget I am sure the Exchequer Secretary has many other things in his basket. Does he not agree that, given the considerable number of points that the report raises, we can anticipate at least some substantive amendments from the Government? If so, does he agree that, to ensure the maximum amount of democratic scrutiny, they should be tabled prior to Report, not simply left until the Bill arrives in the House of Lords?

Last week, the Government announced a consultation on the so-called Cadder clauses, which, as the Exchequer Secretary is aware, were not part of the original Calman commission. That consultation will continue until mid-May. Does he not agree again that it would be better to postpone Report until it is complete in order to allow us properly to scrutinise in the Commons this important legislative and constitutional reform?

The Secretary of State for Scotland (Michael Moore): On the issue of section 57(2) of the 1998 Act and the new clause or amendment that we will table to it, the hon. Lady is aware and has rightly highlighted that we are undertaking a consultation. I am happy to say to her in public what I have said privately: she and members of other parties are very welcome to have discussions with officials to ensure that Members are aware of how that thinking is developed. Just to reassure her, anything that is introduced in another place will come back here for proper and thorough scrutiny in due course.

Ann McKechin: I am grateful to the Secretary of State for his remarks, but I would prefer to have the earliest possible scrutiny in the House of Commons, and I certainly hope that the House will be allowed at the very minimum a proper period in which to scrutinise properly any amendments or new clauses that are introduced in the House of Lords, because this is an important constitutional issue. It is technical, but it is important that this House has the time to debate and scrutinise it properly, and that the public and the electorate know that we have scrutinised it appropriately.

Do the Government agree with the Chartered Institute of Taxation that a mechanism might be required to ensure that any future Scottish provisions do not conflict, and to consider how future UK treaties and EU rules might affect the powers that we provide to Scotland in the Bill?

Proposed new section 80B of the 1998 Act appears to include the possibility of devolving aggregates levy and air passenger duty in future. Will the Government confirm that the Scottish Parliament has a formal standing in consenting to the Orders in Council referred to in that section? Air passenger duty might be considerably altered by the time the review is complete, and that could be of significance to the revenue that can be anticipated from Scotland. Air travel in Scotland has its own distinct features, particularly within Scotland itself and to the north and isles areas, so it is important that there is a full and proper discussion not only here in the Houses of Parliament, but in the Scottish Parliament, should there be any difference in the levy's impact on the Exchequer.

On the calculation of the block grant, will the Government consider the Holyrood Committee's proposals that the reduction in grant might be indexed to changes in the income tax base for the rest of the UK? Will they consider also the principle of a formal review of the grant reduction mechanism after 10 years, as the report recommends? If Ministers were able to give us an indication of the Government's view, that would be helpful. What consideration have the Government given to the Holyrood Committee's recommendation that the transition period for the income tax powers and the calculation of the block grant reduction be reduced or done away with in its entirety if, for example, the measures on the tax base are implemented? Finally, what consideration have the Government given to the recommendation that while a flat-rate structure should be adopted initially, this decision must be carefully evaluated as experience is gained of operating it? That simply follows from the experience of other devolved Administrations in dealing with income tax.

I would welcome the Minister's comments. We will vote against any move by the SNP on fuel duty or corporation tax. Apart from that, we will support the Government's clause.

5.30 pm

Mr Russell Brown: I did not intend to speak on the amendments tabled by the hon. Member for Dundee East (Stewart Hosie), but I feel that some issues need to be addressed, and I want to put to him one or two questions about fuel duty that I hope he will answer when he responds to the debate.

I am sure that no one in the Chamber does not recognise how difficult this issue has become for motorists in any part of the UK—particularly, I recognise, for those in the northern and western isles. However, when I look at the whole concept of devolving this additional tax on fuel duty, I wonder, in all honesty, whether the proposal would have been before us if fuel prices at the pumps were not so expensive. The hon. Gentleman has not given the slightest indication how this additional income would be used. More importantly, does he have even a ballpark figure on how much would be raised in additional taxation going to the Scottish Parliament? In a previous debate, he and I discussed the fuel duty stabiliser, of which he has been a great advocate. As I pointed out to him, his advocacy has not always been consistent, as there was one year when the SNP dropped the proposal. If he had his way and managed to get the amendment through, and the fuel duty charge became a devolved issue, would he totally abandon the whole concept of a fuel duty stabiliser?

I am not in favour of a fuel duty stabiliser, as I have made clear to constituents who have corresponded with me over recent weeks. I need only point to the campaign run by FairFuelUK, which has not given the slightest indication of what it thinks is a reasonable price for fuel and a reasonable level of duty. The wider public might think that this is a tremendous idea, but I warn the Committee, as I have warned my constituents, to be very careful. With the current fluctuating price of fuel—crude oil—and the way that the marketplace is at the moment, if a fuel duty stabiliser were suddenly introduced,

[Mr Russell Brown]

we would end up with fuel pegged at a price that is unsustainable. People filling up their cars are already baulking at the whole concept of what they have to pay, and it is completely wrong to peg pump prices at a level that is unsustainable.

I will also briefly mention the rural fuel derogation, about which the hon. Member for Na h-Eileanan an Iar (Mr MacNeil), who is not with us, might have some idea. I hope that the hon. Member for Dundee East will indicate the average mileage of someone living in the northern or the western isles. I recognise how painful it must be for people living in those localities to pay 10p or 15p per litre more than people on the mainland. However, the pain that such people suffer if they do 5,000 or 8,000 miles a year is comparable to that suffered by people in areas such as mine who have to do 15,000 or 20,000 miles a year, or more. Fuel prices are only one element of motoring costs. People in some places pay an astronomical price because of the miles that they have to cover. On an annual basis, people on the islands might not pay more; they might even pay less if they have a low mileage.

Mr Alan Reid (Argyll and Bute) (LD): The hon. Gentleman should not denigrate the fuel duty derogation in the way that he has. On large islands such as Mull and Islay, people do a significant mileage. The use of fuel is not just about the number of miles one drives; if one drives on single track roads and has to stop and start all the time, one uses a lot more fuel. The important thing is to get the derogation established on the islands and to make it workable. It can then be extended to remote parts of the mainland.

Mr Brown: The hon. Gentleman, like so many people, has merely used the terminology of significant mileage. We need clarification. Will somebody in this Committee please put figures on this? To a person on the islands, significant mileage may mean 5,000 or 6,000 miles. I appreciate how difficult it is for people living in remote, rural localities. However, we are talking about finance—something that I am not an expert on, as I am sure hon. Members know. We need to be clear in our minds about what we are doing here.

Mr Reid: Perhaps I can give the hon. Gentleman an indication of the distances involved. The distance from Fionnphort on Mull to the largest town on the island, Tobermory, is 50 miles. Somebody driving from Fionnphort to the largest town on the island and back therefore travels 100 miles.

Mr Brown: I appreciate the hon. Gentleman's clarification of the distances that people travel. I believe that that will be important in the case that the Government are trying to make for a rural fuel derogation. I am not demeaning anyone, but saying that we need to be clear when discussing finance what the situation will be.

Those are the brief points that I wanted to make, and I hope that we can get clarification before we vote on these issues this evening.

Fiona O'Donnell: You may not have been present the last time I spoke on the Scotland Bill, Mr Walker, but it was my birthday. Every time I speak about the Scotland Bill, it feels like my birthday.

In contrast to the amendments tabled by the hon. Member for Dundee East (Stewart Hosie), the Bill offers real progress for Scotland and a recognition of all that has been achieved at Holyrood. At the same time, it offers the stability of remaining as part of the Union, which protects Scotland against some risks. The hon. Gentleman seemed to be disappointed by what he called the politics in the report of the Scottish Parliament's Scotland Bill Committee. Perhaps, however, we should look at the history of how we have come to this point.

We had the Scottish constitutional convention and the Calman commission, both of which the hon. Gentleman's party declined to be part of. Those things stand in sharp contrast to the SNP's own record, because the national conversation, which my hon. Friend the Member for Glasgow North (Ann McKechin) spoke about at some length, has delivered nothing for the people of Scotland or the Scottish Parliament. That contrasts with what is on offer before the Committee today. Of course there is detail in the Bill that we need the Government to iron out, but even the Bill Committee in the Scottish Parliament—I believe it is the first time that a Committee of that type has been established, to give the Bill the scrutiny that it deserves and merits—has acknowledged that there is time to work on some of the details.

We could fair see how all puffed up with pride the hon. Gentleman was about all the amendments that he had brought before us, but I have to say that I found his arguments unconvincing. The SNP had all the time that Calman was discussing a way forward to come up with some detailed proposals, and it had some weeks of the Scotland Bill Committee's work in Holyrood, yet what do we see? A single piece of paper containing its proposals for lasting change and progress in Scotland. I am afraid that is the sum total of its contribution.

Stewart Hosie: This is very confusing. I am not puffed up with pride; I am simply doing my job. We have tabled amendments on capital borrowing, revenue borrowing, corporation tax, fuel duty, air passenger duty, aggregates duty and previously on air weapons, road safety, the coastguard and other matters. I believe Labour's substantive amendment would re-reserve some food labelling powers. That is not a hugely impressive record.

Fiona O'Donnell: I will withdraw my remark, then, and acknowledge the humility that we have now heard from the hon. Gentleman. Up until 20 February, however, we had seen none of the details of the SNP proposals. I have sometimes accused Conservative Members of shotgun legislation, and I have to level that accusation against him as well.

Sheila Gilmore (Edinburgh East) (Lab): Does my hon. Friend agree that one reason why we do not need to table copious amendments is that we took part in the deliberations of the Calman commission and in all the consultation related to it?

Fiona O'Donnell: I absolutely agree. The whole process has been about consultation, and at some point the SNP has to admit that perhaps the reason why it has been outside the process, and why it had to file a minority report, is that it is just plain wrong on this

issue. I genuinely appeal to SNP Members to pause and consider whether Unionist parties would really advance legislation that would put Scotland and the Union at risk.

I am tempted to think that spring has come to the House, because what we have heard today is not the sound of chickens but the sound of constitutional cuckoos. That is what SNP Members are. They allow others to do the work and build the nest, then they come and try to throw our eggs out.

Stewart Hosie: We are hearing some interesting analogies. Far from throwing the eggs or the chicks out of the nest, we are bringing to the table today the aggregates levy amendment recommended by the Committee in the Scottish Parliament and by Calman. We hope to divide the Committee on it today. Will the hon. Lady join us in backing it?

Fiona O'Donnell: My hon. Friend the Member for Glasgow North has answered that question. If the hon. Gentleman was not listening, or if he was not able to follow it, I am afraid I cannot take responsibility for that.

I will press on and talk about the SNP's corporation tax proposals.

Pete Wishart: Will the hon. Lady give way?

Fiona O'Donnell: No, I would like to make some progress and actually talk about the amendments. [HON. MEMBERS: "Come on!"] Oh, alright then. Don't say I'm not kind.

Pete Wishart: I am trying to understand Labour's position on our amendments. They are what the Scottish Bill Committee and Calman agreed on, and we are providing an opportunity to put them to the vote today. Is she honestly saying that she will not take the opportunity to support her own case?

Fiona O'Donnell: This may not be something that the hon. Gentleman is used to hearing, but I am going to tell him, "Not yet". As my hon. Friend the Member for Glasgow North said, until we have a ruling and clarification, there is a risk to the Scottish Government. That does not mean withholding those powers for ever, but it is about protecting Scotland and looking out for its interests.

5.45 pm

On corporation tax, the hon. Member for Dundee East spoke about how he was in favour of tax competition. It appears that the only trend available to the Scottish National party is a downward one—a race to the bottom. We must therefore ask how they will make up the shortfall in revenue. My hon. Friend the Member for Glasgow North spoke of an £600 million annual loss to the Scottish economy for an indeterminate period. What will the SNP cut to make up for that? Will it cut apprenticeships, health care or education? That question has not been answered.

We are also rather short on consultation, which is unsurprising given the SNP's absence from the consultative process throughout the history of devolution. I will be interested to hear the hon. Member for Dundee East—that is not an invitation to intervene—address the question of exactly whom the SNP consulted in drawing up its proposals and how that took place. Consultation has been the Labour party's approach, but I suspect that it has not been the SNP approach.

The Committee today has a clear choice on whether to adopt a set of proposals that offer progress and development for the Scottish Parliament and Government. I very much hope that after 5 May, the Scottish Government will take advantage of all the levers at their disposal that encourage and foster economic growth in Scotland. At no point in the Bill's progress or the Calman commission has the case been made to advance the cause of full fiscal autonomy for Scotland. I respect the SNP position, and I like them to be up front and honest about it. The SNP wants independence—that is their one policy aim, even if it seemed not to talk about it quite so much over the weekend. The SNP would expose Scotland to those risks, whereas the Bill and the Calman Commission offer the opportunity for Scotland to have a mature Parliament that takes responsibility at the same time as spending money, and that will answer many of the criticisms in the e-mail from Mr Haig to the hon. Member for Milton Keynes South (Iain Stewart).

If the amendment is pressed to a Division, I hope the Committee makes the right decision and recognises the achievements of the Bill, and that it rejects the SNP's minority report and fantastical proposals.

The Exchequer Secretary to the Treasury (Mr David Gauke): It is a great pleasure to serve under your chairmanship, Mr Walker, and to respond to the debate on the proposed amendments to clause 24.

Pete Wishart: Just before the Minister starts, can he explain why a Treasury Minister is replying to the debate when the Bill was presented by the Scotland Office? I know there are plans to do away with the useless Scotland Office, with which the SNP agrees, but does this situation just add flames to that particular fire?

Mr Gauke: Perhaps the hon. Gentleman has read the Command Paper, which was signed off by both the Secretary of State for Scotland and I. The debate relates to taxation, so it seems perfectly appropriate for a Treasury Minister to respond. Indeed, I warmly welcome the kind response I got from the hon. Gentleman's colleague, the hon. Member for Dundee East (Stewart Hosie). It is very unusual for me to be described as a "big gun" but I am none the less grateful for those words. The Scotland Office and the Treasury have worked closely on the Bill, and in particular on the provisions that we are debating, and I am pleased to continue that co-ordination.

Stewart Hosie *rose—*

Mr Gauke: I have never given way quite so often, but perhaps this is the way it works.

Stewart Hosie: The Minister suggests that he signed off the Command Paper with the Secretary of State for Scotland, but the names on it are those of the Prime Minister, the Deputy Prime Minister, the Secretary of

[Stewart Hosie]

State for Scotland and the Chief Secretary to the Treasury. I am sure the Minister's name is in there somewhere, but it would be good if he could tell us where.

Mr Gauke: I only wish I could have signed it off—such is my enthusiasm for the Command Paper. I work closely with my right hon. Friend the Chief Secretary, however, and the point I made was that the Treasury signed off the Command Paper. We work happily as one Government, so I am pleased to be able to respond to the amendments—assuming I now have the chance to do so.

The Government's proposals in the Bill facilitate the largest transfer of power from the United Kingdom to Scotland since the creation of the UK. By devolving stamp duty land tax and the power to set a Scottish rate of income tax, the Scottish Parliament will be able to raise approximately one third of its own budget, thereby significantly improving its financial accountability. Only last Thursday, the Scottish Parliament voted overwhelmingly to endorse the Bill—121 in favour, three against and one abstention. To devolve additional taxes now, as the hon. Member for Dundee East argues, without the consent of the Scottish Parliament would be thoroughly inappropriate. There has been a long consultative process that both the UK Government and the Scottish Government and Parliament have been through, so to include the devolution of additional taxes now, on a whim, would not be the right course of action.

As well as those general points, there are some specific reasons why these taxes should not be devolved now in the Bill. I shall deal with those in a little detail. First, on amendment 37 and new clause 8, the Calman commission did not recommend that fuel duty be devolved. It concluded that different fuel duty rates would make artificial opportunities for cross-border shopping, creating economic distortions. More significantly, however, it highlighted the EU energy products directive that sets a principle of one rate of fuel duty per member state. Devolving fuel duty to the Scottish Parliament would require the EU to grant the UK a derogation from this directive, and the Calman commission acknowledged that it would be unlikely to be granted. A contrast can be drawn with the rural fuel discount derogation that the Government are pursuing.

Amendment 58 and new clause 15 relate to quarrying and mining. Although the Calman commission recommended devolving the aggregates levy, a tax on quarrying and mining is much wider and has not been endorsed by the Scottish Parliament. Even if the scope of the amendment was narrowed to devolve only aggregates extracted from the land, as Calman recommended, I would not accept it at this point. The aggregates levy is currently under legal challenge in the EU courts, and it would be reckless to devolve it while the challenge remains. I will not devolve a tax to the Scottish Parliament where there is any risk that it could subsequently be deemed to be illegal. That would be a substantial risk for the Scottish Parliament, which was the point made by the hon. Member for Glasgow North (Ann McKechin).

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): Will the Minister clarify how it is reckless? What is the element of risk involved were it to be transferred now to the Scottish Parliament?

Mr Gauke: The risk is this: should it be found subsequently that the aggregates levy, as currently constituted, is not legal, the loss of that revenue would be immediate and significant for the Scottish Government. The hon. Member for Dundee East referred to the special rates of aggregates levy in Northern Ireland, and asked why they could not therefore be applied in Scotland. I make the point, however, that the Northern Ireland credit scheme was suspended on 1 December owing to the legal challenges at the European courts.

The confirmation sought by the hon. Member for Glasgow North is set out in the Command Paper accompanying the Bill: once the aggregates levy has overcome the legal challenge, we will devolve it to Scotland. Clause 24 enables that to happen.

Mr Davidson: I am genuinely unclear about the point that the hon. Gentleman is making. I fail to see how the Scottish Government lose if the action results in the aggregates levy being ruled illegal. They do not have an aggregates levy at the moment. If it is transferred to them and then abolished, they will not have it either. Not losing something that they do not have already is not a deficiency. Would any additional risk result from the transfer of the aggregates levy?

Mr Gauke: The point is that there would be a reduction in the block grant, because the revenues from the aggregates levy would be going to the Scottish Government. If it was subsequently found that the aggregates levy in its current form was not legal, either we would have to readjust the block grant or the Scottish Government would have to bear the shortfall.

I shall move on to amendment 57 and new clause 16. The Calman commission recommended the devolution of the UK's air passenger duty, not a general power to tax air travel, which is what the amendment seeks. The UK Government are exploring changes to their aviation tax system, as stated in last year's June Budget, and will look at devolution of this tax base in that future work. However, it is not appropriate to devolve aviation tax until these changes have been explored, with any major changes subject to consultation, and a decision on the future of UK aviation tax made. To do otherwise would mean that the Scottish Parliament would have to plan the future of their new tax without the context of the UK version. I would also like to answer the point about the process of a new tax. Clause 24(6) provides that any new tax would need to be approved by the Scottish Parliament, under section 80B of the Scotland Act 1998. That would clearly apply in these circumstances.

I turn to amendment 60 and new clause 17. The Calman commission recommended that corporation tax not be devolved. The Scottish Parliament has endorsed this, although it wants to stay engaged in any future discussions on corporation tax devolution. Both the Calman commission and the Scottish Parliament recognised very good reasons why not to devolve the tax. First, the Calman commission concluded that if comparable levels of public services were to be maintained, the scope for substantive reductions in the rate of corporation tax in Scotland was limited, unless the Scottish Government are able to increase revenues from other sources. As the hon. Member for Glasgow North said, under European law there will have to be a reduction in the block grant commensurate with the value of the reduction in the corporation tax rate.

Secondly, the commission also believed that the potential administrative impacts of such a move were significant. The creation of compliance costs to businesses operating on either side of the border, as well as the increased collection costs to the Government, would be undesirable in the present economic climate.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The Exchequer Secretary might be aware that the Conservative economics commission in Wales has advocated the setting of corporation tax at a regional level. What does he say to that?

Mr Gauke: We will consider that. At the moment, however, we are concerned with Scotland and Wales in particular. There is a slightly different issue with Northern Ireland, where the Government have not yet made a decision on the devolution of corporation tax. Clearly, however, the circumstances in Northern Ireland are different: it does not have a land border with the rest of the UK, but does have one with a country that has a substantially lower rate of corporation tax.

There are a number of detailed questions about how some of these tax matters will be addressed. Various points arose from last week's Scottish Parliament report, and we will respond to those in due course. However, I am keen that the joint exchequer committee—that is the title suggested by the Scottish Parliament, and it is one we are happy to take onboard—which will consider these matters in some detail, meets as soon as possible after the Scottish elections and the formation of a Scottish Government. We can then discuss some of these matters and provide further details in the future.

John Stevenson (Carlisle) (Con): Can the Minister assure me, as a Member representing a seat on the English side of the border, that such reviews will take into consideration the effects that any tax powers may have on the English side of the border, as well as the Scottish side?

6 pm

Mr Gauke: It would be fair to point out that the Calman commission took into account some of those issues, because—to take the examples of corporation tax or fuel duty—there could be significant issues with full devolution, and we will of course take into account the interests of all parts of the country.

Pete Wishart: Will the Minister give way?

Mr Gauke: I am hoping to wind up soon, but I shall give way to the hon. Gentleman.

Pete Wishart: Perhaps the Minister could answer the question—a question that the hon. Member for Glasgow North (Ann McKechin) also raised—about the process in which we are now involved. When are we likely to see amendments that reflect the will of the Scottish Parliament's Committee? Will they be introduced in the House of Lords? Like the hon. Lady, I would find that unacceptable: such amendments have to be debated in this place. When will we be able to debate them in this House?

Mr Gauke: My right hon. Friend the Secretary of State for Scotland addressed many of those issues earlier, but let me make this point about the devolution of tax. It is important to have the consent of the Scottish Parliament, which is why we are proceeding as we are, which is not the approach of the Scottish National party. Neither this Government nor, I believe, the vast majority of hon. Members would seriously consider making amendments that affected the powers of the Scottish Parliament without its consent. However, as has been said, devolution is a process, not an event. This is an enabling Bill. The Scottish Parliament can ask for additional tax powers over the course of time and have them duly considered. Clause 24 gives the power to add new devolved taxes. The Command Paper accompanying this Bill sets out the process for taking forward the devolution of the aggregates levy and air passenger duty, but any future devolution must happen with the wholehearted consent of the Scottish Parliament, not just following the proposals of a minority of Members of this House. Given that, I ask the hon. Member for Dundee East to withdraw his amendment.

Stewart Hosie: Let me respond briefly to some of the key points raised. The hon. Member for Dumfries and Galloway (Mr Brown) talked about a fuel duty regulator, as he has done on a number of occasions. He knows very well the difficulties faced by hauliers and others in the south-west of Scotland. He asked whether I would give up on the proposal in this place if it were delivered in Scotland. I said in my speech that if the UK Government would not deliver it, the powers should be devolved, so that the Scottish Government could act. I simply want fair play on fuel. It is important that the power should be devolved, so that the Scottish Government can act if the UK Government will not.

The hon. Member for East Lothian (Fiona O'Donnell) made an interesting speech, as she always does. She valiantly tried to defend the lack of Labour attempts to strengthen the Bill. She spoke in favour of Calman, but rejected one of the key Calman recommendations, which was the aggregates levy proposal. The hon. Member for Glasgow North (Ann McKechin) also made an interesting speech. She raised the notion of—I think—a £600 million loss every year if there was a 10p cut in corporation tax. No one has ever suggested an immediate 10p cut in corporation tax. That was a straw man, set up to be knocked down, and bears no relation to the policy of any party in this House.

Ann McKechin: Perhaps the hon. Gentleman could clarify what rate of corporation tax he would propose if the power was devolved.

Stewart Hosie: I would like it cut over a number of years, taking the benefit of the announcement effect and taking advantage of the experience of other countries, where, with modest changes on a downward spiral in corporation tax, the business tax yield has increased. That is very sensible and is, I think, what the current Government have in mind.

Let me turn briefly to what the Minister said. He said that the proposal would provide around one third of Scotland's budget. That is similar to the figure of 35% proposed by the Calman commission, but that included all the revenue proposed by Calman, much of which is

[Stewart Hosie]

not in the Scotland Bill. That figure was also calculated on a baseline that excluded capital expenditure from the Scottish budget. The Minister will find that the actual percentage share is considerably lower. He said that the Government would never seek to devolve taxes on a whim. Let me assure him that we would certainly not want to do that either. We would want to devolve taxes only to provide balance and a basket of taxes to mitigate any volatility, which may well arise when the bulk of our assigned revenue comes from a single, personal tax.

I am not convinced by many of the arguments I have heard. There is a very strong case indeed for trying to push forward with the Calman proposals, particularly on the aggregates levy, so I intend to divide the Committee on amendment 58, but for now I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: 58, page 16, line 17, at end insert—

'(c) Chapter 5 provides for an Order in Council to specify, as an additional devolved tax, a tax charged on quarrying or mining.'.—*(Stewart Hosie.)*

Question put, That the amendment be made.

The Committee divided: Ayes 8, Noes 292.

Division No. 222] **[6.6 pm**

AYES

Hosie, Stewart
Llwyd, rh Mr Elfyn
Lucas, Caroline
MacNeil, Mr Angus Brendan
Robertson, Angus
Skinner, Mr Dennis
Weir, Mr Mike
Whiteford, Dr Eilidh

Tellers for the Ayes:
Pete Wishart and
Jonathan Edwards

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Donaldson, rh Mr Jeffrey M.
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Groening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard

Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Timpson, Mr Edward
Tomlinson, Justin
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Philip Dunne and Mark Hunter

Question accordingly negatived.

Clause 24 ordered to stand part of the Bill.

Clause 25

AMENDMENTS RELATING TO THE COMMISSIONERS FOR REVENUE AND CUSTOMS

Question proposed, That the clause stand part of the Bill.

Ann McKechin: I should like to ask the Minister a couple of questions about this clause, which is technical in nature and will enable HMRC to disclose information to the Scottish Ministers. Given the terms of the Holyrood Committee's report on the appointment of an additional accounting officer responsible for Scottish income tax, and the duties and accountabilities of HMRC, should that proposal be put on a statutory footing? That question was raised by the Committee, and I should be grateful for the Minister's response.

Will the Government also consider the Committee's recommendations that the work of Her Majesty's Revenue and Customs and the Office for Budget Responsibility be subjected to audit in respect of aspects of devolved taxes? If it is subject to audit and the Government have thought about it, I should be grateful to find out whether, in order to facilitate proper accountability to the UK Parliament and the Scottish Parliament, it should be carried out by the National Audit Office or the Auditor General for Scotland, or both. It is important to clarify these points at an early stage. In debating the previous group of amendments, the Minister spoke about the new Treasury committee between the UK Government and the Scottish Government, but I am sure that Select Committees in this House and those in the Scottish Parliament will want to have an opportunity to look into this work and, where necessary and when the clauses are implemented, to review the work of HMRC. At this stage, I would be grateful for any further clarification from the Minister.

Mr Gauke: I thank the hon. Member for Glasgow North (Ann McKechin) for her questions. We do not believe it is necessary to put the additional accounting officer on a statutory footing, but let me repeat our assurances, which I hope will satisfy the hon. Lady. She asked detailed questions arising from the Holyrood Committee report published last week and she will not be surprised to hear that I believe we can look at this matter within the bilateral Exchequer committee. I understand her desire to have greater clarity as soon as possible, but it is important to get the matter right. The committee will have an opportunity to meet shortly after the formation of the Scottish Government, and I hope we will be able to make some progress on some of those detailed points.

Clause 25 is a technical provision. It enables HMRC to share with the Scottish Government information about the collection and management of devolved taxes, while ensuring the confidentiality of that information. I thus believe that the clause should stand part of the Bill.

Question put and agreed to.

Clause 25 ordered to stand part of the Bill.

Clause 26

SCOTTISH RATE OF INCOME TAX

Ann McKechin: I beg to move amendment 68, page 18, line 11, after 'may', insert

'after consultation with such persons as Scottish Ministers consider appropriate'.

The Temporary Chair (Mr Charles Walker): With this it will be convenient to discuss the following:

Amendment 69, page 20, line 5, after 'may', insert

'after consultation with (a) Scottish Ministers, (b) the Scottish Parliament and (c) such persons as it considers appropriate'.

Amendment 70, page 20, line 21, leave out subsection (4).

Government amendments 61 and 62

Amendment 43, page 20, line 35, after 'Treasury', insert

', with the consent of the Scottish Parliament,'.

[Mr Charles Walker]

Amendment 44, line 38, at end insert—

'(6A) For the purposes of subsections (4) and (5)—

(a) reference to the consent of the Scottish Parliament means consent by resolution, and

(b) standing orders must provide that only a member of the Scottish Government may move a motion for such a resolution.'.

Government amendment 63

Amendment 47, clause 29, page 23, line 12, after 'Treasury', insert

', with the consent of the Scottish Parliament,'.

Amendment 48, line 28, at end add—

'(7) For the purposes of subsection (4)—

(a) reference to the consent of the Scottish Parliament means consent by resolution, and

(b) standing orders must provide that only a member of the Scottish Government may move a motion for such a resolution.'.

Government amendment 64

Amendment 49, clause 31, page 24, line 8, after 'Treasury', insert

', with the consent of the Scottish Parliament,'.

Amendment 50, line 8, at end add—

'(5) For the purposes of subsection (4)—

(a) reference to the consent of the Scottish Parliament means consent by resolution, and

(b) standing orders must provide that only a member of the Scottish Government may move a motion for such a resolution.'.

Government amendments 65 and 66

Government new clause 18—*Orders*

Ann McKechin: I am speaking to amendments 68, 69 and 70 and I wish to put it on record that the wording of those amendments was suggested by the Law Society of Scotland. I shall speak to the amendments first and then to the clause stand part—with your agreement, Mr Walker. I have a substantial number of questions to put to the Government about the implementation of this important clause.

On amendment 68, new section 80C empowers the Scottish Parliament to set by resolution the Scottish rate of income tax. This is an important power that is required to be exercised in accordance with the principles set out by the consultative steering group report published by the Scottish Office in 1999. These principles include accountability, openness and accessibility with a view to making possible "a participative approach" to "policy and legislation". Accordingly, Scottish Ministers should, we believe, be required to consult those considered to be appropriate when proposing the resolution for the Scottish rate—much in line with existing practice of the Treasury here.

On amendment 69, new section 80G enables the Treasury to disapply or modify section 6 of the Income Tax Act 2007. This could involve issues such as gift aid relief or pensions relief. The order would be introduced in the UK Parliament and debated and passed or rejected in the UK Parliament. However, it could substantially affect the Scottish rate and Scottish taxpayers, as well as Scottish charities and pension funds, so we believe that Scottish Ministers and the Scottish Parliament should be specifically consulted prior to any amendment of these reliefs.

Finally, amendment 70 takes out subsection (4). We have concerns about the provision. Section 80G(4) provides that an order made under that section

"may, to the extent that HM Treasury consider it to be appropriate, take effect retrospectively".

We believe that HM Treasury should, at a minimum, consult Scottish Ministers and the Scottish Parliament if retrospectivity is required. The Minister will not be surprised to hear me say that I think all Governments should avoid retrospective legislation whenever possible—unless there is a proven and specified need. We think that the case for retrospective application in this instance has not yet been made out.

The amendment is designed to probe this issue. The Scotland Office has indicated that the power would be used to make tax reliefs applicable retrospectively, but I suggest that this could be done either by regulation or statutory instrument. The clause enables a charging order to be made by the Treasury, which is a matter of concern to us. Any retrospective action by the Treasury could—I stress could—have a detrimental impact on individual taxpayers and on the Scottish parliamentary budget. I hope that when the Minister responds he will provide some assurance about the circumstances in which and when the Government intend to use this power. I hope he will confirm how limited the power will be when it comes to its practical exercise.

Paragraph 673 of the report by the Holyrood Committee asked a number of questions about residence. The question of residence is one about which most of the tax experts we consulted expressed some concern. I understand that there is no statutory definition of a UK resident taxpayer. This legislation, however, attempts to define by statute a Scottish resident taxpayer. Given that that is, in a purely technical sense, a subset of a UK resident taxpayer, I think the Minister would accept that it is unusual to have a fixed statutory definition within a floating definition. I would like to question him a bit further about how this will work in practice and what the levels of risk are in respect of the current application of the law.

Paragraph 673 of the Holyrood Committee report asks what "place of residence" means, as defined in clause 26, as it appears to be different from how residence is understood in other areas of tax law such as capital gains tax. Does place of residence imply ownership when juxtaposed against "main place of residence" in new section 80E(a), (b) and (c)? Place of residence and main place of residence are not defined in that new section, which I fear could present problems of interpretation. I would be grateful if the Minister clarified his understanding of the interpretation in this case.

How the tax is to be applied in practice is an important issue. The vast majority of Scottish taxpayers live the whole period of their lives in Scotland or live there for very substantial periods, and it is relatively easy to define who those people are. What about people working on board ships or on oil rigs, for example? What about members of our armed forces and what about those who are neither UK resident nor employed by non-UK employers? As I said, the Scottish taxpayer is defined by reference to an individual who is resident in the UK for

income tax purposes. The current definition of UK residency lies in 86 pages of guidance that are the subject of frequent revision by HMRC. How, then, can the Government be confident that this definition is going to work? Do the Government agree with the Chartered Institute of Taxation that the introduction of a possible statutory residence test for the UK is now essential? Experts in, for instance, the Institute of Chartered Accountants of Scotland, the Chartered Institute of Taxation, the Federation of Small Businesses and CBI Scotland have expressed concern about the lack of a concrete definition. What are the Government doing to address those concerns expressed by professional experts? I understand that they are considering the issue. Will the Minister tell us whether they are likely to attempt to provide a better definition of a UK resident taxpayer in the Finance Bill that will follow next week's Budget statement?

6.30 pm

Will the Government clarify the position of personal representatives of a deceased person? Will they count as individuals for the purpose of this definition? If so, will any income arising during the administration of an estate be treated as income subject to the Scottish rate?

What are the Government doing to address concerns about the "close connections" test? For example, an English oil worker who lives in England but commutes to a Scottish oil rig—which, of course, is a regular occurrence—will not have a close connection, but a Scottish resident who works in England and returns to Scotland for weekends and holidays could be caught. How will the Government deal with mobile workers who may find it impossible to know where they are until a day count is carried out at the end of the tax year?

It has been suggested that there is a high risk of perception of unfairness because the definition of "Scottish residence" is so loose that wealthy individuals can arrange their affairs in such a way as to avoid a higher rate of tax. How do the Government plan to avoid such a scenario? What mechanisms do they propose to deal with disputes about the application of the rules? Will there be a special tribunal system and a right of appeal?

Do the Government not agree that if a non-UK resident is working in Scotland and liable to pay tax, it should be paid at the Scottish rate? The Bill currently provides for company directors, sports people and entertainers undertaking duties wholly in Scotland to pay UK income tax on income earned entirely in Scotland, but not to pay Scottish income tax. Employees will inevitably approach their employers rather than the tax office for information on their tax status. What will the Government do to support employers? I appreciate that the implementation of the Bill is a number of years away, but I think it important at this stage to give businesses and employers as much reassurance as possible about how the Government will seek to minimise the burden and bureaucracy that they may have to face as a result of the Bill.

When the Federation of Small Businesses surveyed its members, it found that 18% of them did not use PAYE software to administer their payrolls by means of computer systems, but undertook the task manually. Is it not unhelpful of the Government to suggest that many small businesses should be forced to take on the burden of identifying and administering the new tax rates? What specific measures will the Government introduce to help small businesses with 10 or fewer employees to cope with the changes?

Although there has been some publicity in Scotland about the Bill, south of the border there will be little knowledge among businesses that may employ a few staff north of it. What kind of public awareness campaign will the Government conduct to make companies aware of the proposed changes and their impact on payrolls?

I should be grateful if the Minister told us about any of the discussions he has held with the high-level expert group about the definition of Scottish residence and the issues that have arisen as a result of those discussions, which I understand have been proceeding for some months.

The Chartered Institute of Taxation has suggested that HMRC will need to

"staff up properly in anticipation of a considerable extra flow of questions when the Scottish income tax goes live."

What are the Government doing to achieve that, given that in recent months HMRC has been closing offices across Scotland and the rest of the UK and reducing its capabilities?

Under the Bill in its present form, no account is taken of a split year, which means that once someone is classified as a Scottish taxpayer he or she will remain one for the entire year. The opposite will apply to those living in another part of the United Kingdom. For example, if a company's one Scottish employee moves south, the company will have to continue to have a Scottish taxpayer on the payroll even when that person is no longer a Scottish employee. What is the Government doing to address an anomaly that some may consider unfair?

Do the Government not agree that new section 80G (1) is drafted too widely? The Chartered Institute of Taxation has described it as a Henry VIII provision. Do the Government not think it inappropriate to use secondary legislation to make major structural changes in primary legislation without proper oversight from the UK Parliament, and indeed the Scottish Parliament, on whose budget such measures could have a substantial impact?

If changes such as pension deduction rules are required, should they not be effected through primary legislation, or should not the Scottish Parliament and Government at least be given the right to be formally consulted? As I said earlier, we are concerned about the potential retrospective application of orders. Do the Government not agree that individual taxpayers deserve a degree of certainty in regard to their tax affairs as the end of a tax year approaches?

John Stevenson: The hon. Lady has raised many issues connected with income tax. I may be demonstrating my ignorance of the Scotland Act 1998, but under that legislation the Scottish Parliament could have increased or decreased the basic rate by 3p. Why were these issues not addressed then?

Ann McKechin: I was not a Member of Parliament at that time, unlike some of my colleagues who were in the House when the legislation was discussed in detail. I think it fair to say, however, that a great deal was left to the potential for secondary legislation. As the hon.

[Ann McKechin]

Gentleman knows, those provisions have never yet been used. That is one of the reasons that the Calman commission specifically addressed the issue of fiscal accountability.

The hon. Gentleman may also be aware of recent debates in the Scottish Parliament following the decision of the Finance Secretary—without informing the Parliament—to advise HMRC that it would not be required to implement the rules for a few years. I do not wish to discuss that controversy, but I will say that the establishment of the Calman commission was partly due to the fact that the rules had never been implemented. Much of the detailed work that we are now considering had been put on the shelf without being properly examined. I take the hon. Gentleman's point, but I think it necessary for me to ask the Minister a number of detailed questions in order to ensure that the Government's intentions are on record.

Rory Stewart (Penrith and The Border) (Con): Given that income tax issues such as this are addressed throughout the world where jurisdictions—for example, American states—abut each other, does the hon. Lady consider them to be reasons for fundamentally objecting to the Bill, or simply matters of minor detail that could be resolved by means of secondary legislation?

Ann McKechin: As I have made clear, on Second Reading and throughout this debate, Labour fully supports the principles behind the Bill and the additional fiscal powers given to the Scottish Parliament. Before the election, the Labour Government supported the Calman commission, as we made clear in a White Paper published in the summer of 2009. I think that all these issues can be dealt with, but, as I am sure accountants and lawyers will confirm, the devil is in the detail at times. It is important for the House of Commons and, no doubt, the House of Lords to give the Bill proper scrutiny, because ultimately individual taxpayers, businesses and employers will have to live with the consequences of its implementation.

Mr Frank Roy (Motherwell and Wishaw) (Lab): Is it not worth reminding the Committee that, no matter what was said in 1997, the Opposition voted against it?

Ann McKechin: Indeed, and the fact that we now have converts to the cause shows what a difference the passage of time makes. As I said earlier, I am pleased that even the SNP has agreed to the LCM motion.

Our present approach is consistent with the approach that the Labour party has always taken to constitutional reform, which is to seek political consensus before introducing legislation in the House of Commons. The reason we have such a degree of consensus this evening is that we have spent a good deal of time examining details of the legislation. I congratulate the Holyrood Committee, which has done an excellent and thorough job in examining many of the issues in great detail. We all benefit from its work and from last week's debate in the Scottish Parliament, which showed that the Scottish Parliament and its Committees are more than capable of doing a thorough job in scrutinising legislation.

I should be interested to know whether the Government agree that the retrospective application of an order could adversely affect the budget of the Scottish Parliament. For example, if the Budget is set in March and the Treasury lays an order in October to apply a relief clause retrospectively, that could have grave implications for the Scottish Government's budget. That is another reason why I seek some reassurance about the Government's intentions for the use of this clause.

How do the Government propose to deal with avoidance of the Scottish tax rate? Unlike other jurisdictions that have devolved taxes, and where there are different forms of collection and reporting, many people self-assess or are in pay-as-you-earn schemes, and they are not currently specifically called on to declare their residence to the tax authorities in the way required by the Bill. The Bill's provisions only apply to income; they do not apply to dividends or to interest on savings, and we would want appropriate measures to be taken to ensure that people do not end up transferring income into another route, to try to avoid the income tax provisions made by the Scottish Parliament.

What provisions have the Government put in place for the self-employed? Will, as anticipated, the self-assessment tax return have to be altered, with additional questions on residency for example, particularly for those who work in a different part of the UK? I realise there are specific measures dealing with Members of Parliament and we are automatically included, but it has been pointed out that Scottish judges serving at the Supreme Court are not covered by the Bill's provisions. Similarly, other senior Government officials travel from different parts of the country for their work. It is important that they are aware of what may be expected of them in terms of self-assessment claims.

David Mowat (Warrington South) (Con): Many of the hon. Lady's comments imply that she is unhappy with residency being the method for working out where people pay tax, but it seems to me that there is no alternative. Is her position that she would like everybody to fill out a tax return?

Ann McKechin: No, I can assure the hon. Gentleman that I do not want to burden the taxpayer unnecessarily with additional questions and pieces of paper and that I think the residency basis is the simplest way to deal with this issue. The problem is that we have a floating definition of a UK resident taxpayer, and from that we are trying to define in very exact terms a Scottish resident taxpayer. That is the point at which there could be challenges, and sometimes mischief in that people might try to change their declaration of where they believe they are resident.

This situation is unlikely to arise for the vast majority of taxpayers in Scotland; most of them will be faced with a very simple exercise. Nevertheless, as I have pointed out, in other jurisdictions with devolved income tax there are ways in which people have to declare where their residence is that we currently do not have in the UK. I want the Minister to say whether the Government are aware of any potential problems, and what measures they intend to put in place to avoid them, so that the maximum level of tax that is due is collected and returned to the Scottish Government, and so that administration is kept to a minimum. All hon. Members

will be concerned about the cost to the Exchequer, and also about the costs to individual businesses. That is why I am asking these questions, but I agree that residency is the easiest way to define who should be liable to tax.

I also appreciate that a decision has been taken not to include interest on dividends and on savings. People will comment that that perhaps creates a degree of unfairness because some individuals get the majority of their income from those sources, but I acknowledge that there are complex and expensive practical difficulties in applying a residency test for those types of revenue, and that ultimately the benefit may not be great. We therefore understand why the Government have phrased the clauses in this way, but the devil is in the detail of defining exactly what they will mean in practice.

Stewart Hosie: The hon. Lady will understand that there is a very close relationship, particularly at the lower levels of income, between dividends and savings income, income tax and, as importantly, income tax allowances and thresholds. We have not tabled amendments on this topic, and it is extremely complicated, but if it were proved that there is an inherent logic in bringing together income tax, the tax on savings and dividend income, and how that relates to thresholds, allowances and the Scottish rate, might the hon. Lady and her colleagues be prepared to listen to that argument in future?

6.45 pm

Ann McKechin: The Holyrood Committee did not consider that in detail, and the Calman commission did not make any specific recommendations that would lead us to legislate tonight. We have to reach a compromise in respect of striking a balance between fairness to Scottish taxpayers and having a system that is as simple and easy to understand as possible, and that reduces the administration costs to the Scottish Government as far as possible.

On thresholds, given that the Welfare Reform Bill has just been introduced with proposals on universal credit at the same time as this Bill is passing through the House, I ask the Government to say what consideration has been given to the impact on welfare benefits. Those on low incomes often have the most complicated tax affairs. Most benefits are calculated on after-tax income. If the Scottish rate income tax is higher than the basic rate, Scottish taxpayers on benefits will be entitled to claim more benefit. Will the Government ensure that the extra benefit is paid automatically, or will they issue public information on how full entitlement can be claimed? How will the new proposals on universal credit be implemented in respect of these tax changes? The Government have stated that their general rule on the tax base is one of no detriment, but I ask the Minister to reflect and give any assurance he can about whether there might be a possible conflict.

Conversely, if the Scottish tax rate is lower than that of the rest of the UK, Scottish taxpayers on benefits will be entitled to fewer benefits in some cases. What mechanism will the Government put in place to ensure that adjustments are made to their payments? We would be concerned if those on the very lowest incomes were adversely affected in their entitlement to the welfare benefits system. That is largely based on the national insurance system of course, which is separate from the tax system, but, as the Minister will be aware, the interaction between benefits and taxes is complex, and I am sure none of us would want to do this in a way that adversely impacts on pensioners, people on lower incomes, single parents, the disabled and others who may already have many concerns about what is being proposed in the Welfare Reform Bill. I hope the Minister can reassure us that he will not be adding to that burden.

Are the costs of implementation still as estimated in the Command Paper? How do the Government intend to control those costs? There is a long period of implementation, and hon. Members may be concerned about that, as some implementation schemes have taken longer, and been much more expensive, than originally estimated. Will the Minister tonight undertake to produce an annual report to the House of Commons until the full-scale implementation of the scheme, so that we may better scrutinise it, and ensure that value for money to the taxpayer is maintained and that the burden—which, of course, is ultimately to be met by the Scottish Government—is kept to a minimum?

Iain Stewart: I support the clause, but I wish to raise a couple of specific examples just to test that the definition of a Scottish taxpayer as set out in the Bill is robust and covers all eventualities. I appreciate that the examples I am about to give are technical, and if the Minister is unable to give me a definitive response tonight, I hope he will be able to do so on Report.

My first example is based on the situation my father was in for a number of years. It relates to proposed new section 80E(3)(c) on the definition of Scottish residence, as opposed to residence of another part of the UK. My father's home was, and is, in Hamilton, just outside Glasgow. By any reasonable test, that is his main residence: it has been the family home for generations; my mother lives there; and it is what my father would call home. However, for a number of years he worked for the Civil Aviation Authority and although he was mainly based at Prestwick, the nature of his job required him to spend a considerable amount of time at its headquarters in London. He rented a flat in central London, where he was registered on the electoral roll for council tax, for utility payments and for all the other aspects of living in a dwelling. For a number of tax years he spent a majority of nights in London, as opposed to spending them at the family home in Scotland. Therefore, if I have read proposed new section 80E(3)(c) correctly, he would not be deemed to be a Scottish taxpayer. I would be grateful if the Minister would confirm whether that is the case. If so, is this not an anomalous situation and will the Government re-examine what the definition of "a Scottish taxpayer" should be?

Secondly, I wish to discuss the "Caledonian sleeper" question, which relates to proposed new section 80F(1)(a) and the number of days spent in Scotland

"at the end of the day."

I do not have a detailed knowledge of the railway timetable, but let us suppose that the sleeper train left Glasgow at 10.30 pm or 10.45 pm and so was clearly in Scotland at the end of the day. If it traversed the border before midnight and so was actually in England on the stroke of midnight, would that day be counted as Scottish or English for the purposes of this calculation? I hope hon. Members will forgive me for raising this

[Iain Stewart]

very detailed point, which will affect only a small number of people, as it is the job of this Committee to tease out these practical matters. I do not expect the Minister to give me a definitive reply right now, but I would be grateful if he undertakes to examine the matter and give an answer at a later stage in our proceedings.

Sheila Gilmore: It is important that we move forward on these tax powers for the Scottish Parliament. The big difference between these proposals and the ones in the Scotland Act 1998 are that these apply to all the different rates of tax. The structure being used and the fact that there will be a corresponding reduction in the block grant will deliver to the Scottish Parliament a real ability to make decisions, be accountable and test how well these things work. We wanted that in Scotland and we need it, but that is not to say that the arrangements will not have any complications and that there is no need to be clear about the answers to some of these questions. Some could be covered by regulations that are to follow, but there is always an anxiety involved in depending too much on detailed regulations, as opposed to primary legislation.

I wish to discuss two particular areas, one of which is tax avoidance and the provisions that the Government suggest we put in place to deal with it. The last thing that we would want is for those who have the ability to arrange their tax affairs in different ways to be able to avoid paying this tax, as that would harm the Scottish economy and undermine the whole principle behind what we are trying to achieve. We need to know what provisions will be put in place to deal with tax avoidance in the future. My hon. Friend the Member for Glasgow North (Ann McKechin) mentioned the self-employed, and they are also important. It is easier for them to arrange their tax affairs in a beneficial way, whereas those of us on PAYE may not be able to do that. It is important for self-employed people to know exactly how this system will work for them, particularly if they generate earnings in different parts of the United Kingdom, as it is quite possible for such people to generate.

I also have concerns about the future interrelationship between the benefits system and the tax system. This is important because the way in which benefits are calculated for some people depends on their income after tax, which means that a variation in tax will affect benefits. The Government may be clear that systems will be in place to deal with that very quickly, but the last thing that people on benefits need is any uncertainty about their income. They need to know how any increases in their income, and therefore in their tax liability, or any decreases in their income will affect them, because at that level of income people suffer particularly badly when changes are made. If the Welfare Reform Bill proceeds in full, we will be moving towards a new benefits system at just about the same time as some of these new powers come into force, so it is important to get this right. I urge the Government to provide answers to these questions, if not now, in time for Report, so that we can be clear about how this interrelationship will work.

Fiona Bruce: May I begin by telling hon. Members how pleased I am that, after a thorough independent evaluation of the devolution settlement in Scotland, this Government have been quick to legislate on this issue, fulfilling a manifesto commitment of more than one party in this House? After more than a decade, the time is right to assess the implications and consequences of the devolution settlement.

I shall now speak generally in support of the provisions of clause 26. The Calman commission review predates the economic crisis, but the need to recover the UK's economic strength makes this issue ever more important. It is clear that economic growth will be driven by enterprise in local communities. Creating a Scottish rate of income tax will give the Scottish Government more responsibility over not only how they spend revenue, but how they raise it. That is a crucial discipline, which we hope will increase the likelihood that fiscal decisions will reflect the needs and priorities of Scotland, the Scottish economy and, most importantly, the people of Scotland. This is an opportunity for genuine fiscal accountability.

The proposals outlined in the Bill are not entirely new, but they do mark the next stage of the devolution settlement for Scotland. The existing Scottish variable rate gives the Scottish Government the power to raise or reduce the basic level of income tax. As Donald Dewar, the original First Minister, said, the Scottish variable rate

"asks the Scottish Parliament to face real financial choices and makes it, in a sense, more directly accountable to the people it represents."—[*Official Report*, 31 July 1997; Vol. 299, c. 465.]

However, as we have discussed tonight, the Scottish variable rate has previously been only somewhat theoretical, in that it has never been employed as a tool to influence the economic fortunes of Scotland. That raises the question of whether the new rate will be any different, but I believe that it will be. I believe that the Scottish Government can and will enjoy more financial responsibility through the radical proposals in the Bill. More importantly, the proposals have the propensity to have long-lasting positive effects in Scotland.

To understand that, we have only to ask ourselves how our constituents—no matter which part of the UK we represent—would respond if more funding were raised and distributed locally, rather than by central Government. If that were the case, I am sure that my constituents would take an even greater interest in what their money was spent on and would be able to assess more easily whether politicians were responding to local priorities. Although the provisions relating to Scotland are based at the national level, not the local one, the same phenomenon should apply. This move should strengthen democratic accountability and bolster political engagement in Scottish communities.

I am sure that I am not the only hon. Member recently to have received letters from constituents unhappy about the level of block grant funding given to the devolved nations and, in particular, concerned that there is a difference in funding for certain policy areas, such as university fees and prescription charges. What needs to be communicated more effectively is how the Scottish Government can prioritise their funding. In England, all funding is distributed by the UK Government but in Scotland, the UK Government pay for national—that is, UK-wide—public services, such as defence and industry, and the block grant funding is distributed by the Scottish Government and pays for devolved powers: education, various aspects of health policy and so on. As a result,

although decisions on funding in England must involve national, regional and local priorities, the Scottish Government can spend their block grant funding on regional and local issues only.

7 pm

The income tax provisions in the Bill will mean that the procedure of setting the Scottish Government's budget is more responsive to the wishes of the Scottish electorate. That will increase the financial accountability of the Scottish Parliament and relieve the Scottish Government's reliance on the block grant—a healthy development and one that many of my constituents will welcome.

Sheila Gilmore: Will the hon. Lady concede, nevertheless, that choices are made about how to spend that block grant and that if a Scottish Government make a choice about how to deal with university funding, they do so to the potential detriment of other funding? The decisions that have been taken in this place about tuition fees and the reduction of the teaching grant for universities have had a considerable impact on Scotland, so we are not somehow free from those decisions.

Fiona Bruce: The hon. Lady makes a valid point and that is why I prefaced my remarks with the phrase, "What needs to be communicated more effectively is how the Scottish Government can prioritise their funding." By that, I meant that checks and balances are involved and that that needs to be communicated nationwide. A greater understanding of that needs to be gained.

David Mowat: My hon. Friend's answer to that intervention was very generous. It is right that the Scottish Parliament should make decisions about priorities in Scotland—about free tuition, prescriptions and whatever else—but the question that remains and needs to be answered is whether the baseline of the block grant, as it is set up, is fair on Scotland, England and Wales.

Fiona Bruce: My hon. Friend makes a valid point.

Let me turn now to the proposals in the Bill. It is only right that I should explain why complete financial independence would not, in my view, be beneficial for the Scottish or wider UK economy. Members of the Scottish National party might say that the Bill's financial provisions do not go far enough but devolving full economic responsibility while retaining various regulatory and other competences would create a two-tier system that would serve to weaken our economy. Devotees of the two-tier system argue, I believe, on the basis of a fiction, if not a fantasy, that such a fragmented system could exist without disastrous consequences. The Calman commission and the Scottish Parliament's report on the Bill both rule out financial independence on the grounds that it would create havoc for taxpayers and break up the Union.

In its final report, the Calman commission gave its reasons why income tax should not be fully devolved, including that it would not, in the commission's view,

"be consistent with the social Union".

We can add a further reason. There are certain areas of government that a responsible country will retain at a national level, such as defence and national security. They should remain UK-wide in the interests of the shared public good, and fragmenting them would be both inefficient and dangerous for national security. The same basic principles apply to immigration and trade. Unco-ordinated approaches in those areas could lead to potentially disastrous consequences so it is important that we act responsibly and in the whole country's interest.

Such protections can be afforded only under a single economic framework and any moves to meddle in that area unnecessarily will create more damage than good. It is therefore refreshing that the Scottish Parliament recognises the merits of the Bill's provisions and, rather than running before attempting to crawl, its report on the Bill does not go so far as to recommend full financial responsibility.

The Bill is about improving the devolution settlement and promoting economic growth. The income tax proposals in the Bill retain the reservation of overall fiscal management within the UK Government, which will ensure that the needs of Scotland are supported alongside a UK-wide strategy of promoting growth and economic stability. I welcome the Scottish Parliament's Committee's report on the Bill, which states in paragraphs 36 and 39, with reference to fiscal decentralisation:

"The evidential base was, in our view, remarkably weak, and the claims made did not stand up to challenge or scrutiny...the overwhelming balance of expert economic opinion in Scotland and internationally was that the existing evidence base supports neither any clear link between fiscal decentralisation and an economy's long-run rate of growth, nor...a precise numerical link between fiscal decentralisation and an increase in GDP."

It goes on:

"The Scotland Bill is about good government. It is intended to improve how Scotland is governed and align decisions on spending and taxation more closely so that the Scottish Parliament will be more accountable and, in the long run, take better decisions. Better decisions will, in the longer term, mean improvements to many aspects of Scottish public life."

In true political fashion, I have a favourite section of the Scottish Parliament's Committee's report, which was mentioned earlier. In paragraphs 43 and 44, the report states:

"Full Financial Responsibility was the Scottish Government's alternative to the plans in the Scotland Bill. The Committee did not examine this in detail, as there was no detail to examine. We received no costings for these plans, no material explaining the practical implications for taxpayers, employers, Scotland's financial sector or collection plans. However, we were able to come to several obvious conclusions. Firstly, as was made clear in evidence to us, fiscal systems serve constitutional ends. Full Financial Responsibility is no exception. The constitutional aim it serves, however, is not the preservation of the UK. Secondly, it is plain that under fiscal responsibility, Scotland would run a substantial deficit...Finally, it is clear that no thought has been given to the effect of these plans on the economy of the UK, to which Scotland will inevitably remain linked...The Committee is clear that the evidence shows that full financial responsibility or autonomy is not a serious alternative to the fully worked out plans in the Scotland Bill."

Lindsay Roy (Glenrothes) (Lab): Is it the hon. Lady's contention that full financial accountability is a euphemism for independence?

Fiona Bruce: It is my contention that full financial responsibility would not benefit either Scotland or the UK more widely.

[Fiona Bruce]

In conclusion, it has been made clear by the Scottish Parliament and acknowledged by the Calman commission report that reform of the devolution settlement in Scotland is essential. It is fair to assume that the Bill would exist regardless of which party was in government, and I hope it receives the support it deserves. Any futile disagreements with its premises discredit the fine work undertaken by the Calman commission and serve only to play partisan politics. It is difficult to argue against the income tax proposals laid out in the Bill as they further cement the coalition Government's commitment to the localism agenda. That agenda is about devolving power to meet more local needs, but that does not mean that all powers can or should be devolved. Powers should be devolved to the most local level possible if feasible and responsible. I hope that if the Bill is successfully passed and implemented, Scotland will be able more effectively to deliver Scottish solutions for Scottish needs and the Scottish people. I support clause 26.

Stewart Hosie: I rise to support amendment 42, tabled in my name and those of my hon. Friends, and amendments 43, 44, 47, 48, 49 and 50. All those amendments are concerned with the commencement only of a number of clauses. I congratulate the hon. Member for Glasgow North (Ann McKechin), who is not in her place, on her technical questions. I have a very similar list so I shall not reread the questions but I would like to reinforce two of the points that were made.

The first concerns Labour's probing amendment 70, on retrospectivity in the tax code. I am seeking a guarantee, as far as the Minister can give one, that such use of any retrospective tax powers would only be in relation to stopping tax avoidance or tax evasion. That is extremely important. The second is about people on board ships and other installations. Is the Minister convinced that the description in new section 80E(4), introduced by clause 26, that a place

"includes a place on board a vessel or other means of transport"

is sufficient?

Before I address my amendments, let me make an observation about the lovely speech of the hon. Member for Congleton (Fiona Bruce). She spoke about accountability under the proposals and not wanting things to be fragmented. I wonder how having control of 50% of the base rate, a quarter of the 40% rate and only a fifth of the top rate, and having no control over allowances and thresholds, is unfragmented. I understand that she wants things to work, but I fear that she might not understand that that might be deflationary. She said that there would be a link between tax and spending, which there might well be, but the provisions in total will assign the Scottish Parliament control of only 15% or so of the tax raised in and on behalf of Scotland. She also said that the Bill was a fully worked out plan. It is so fully worked out that there are amendments that we do not yet have, which we will debate on Report, and I suspect that amendments will be tabled in the other place. Of course, the Bill is also likely to be subject to a second legislative consent memorandum after the Scottish election, so it is not quite the fully worked out plan that she described.

Today, however, I am more concerned about commencement and I am glad that all the commencement amendments are being debated in a single group. They relate to tax provisions on the Scottish rate of income tax, stamp duty land tax and landfill tax, which come into force two months after the Bill receives Royal Assent. However, those provisions will not have any practical effect at that point because the Bill includes an additional step requiring the Treasury to appoint a tax year as the first year in which the income tax provisions are to operate. For SDLT and landfill tax, the Treasury will appoint a specific start date, but the principle is the same. Until the Treasury does that, those tax provisions will sit on the statute book without changing the current arrangements whereby the UK Parliament controls all aspects of income tax, SDLT and landfill tax. Similarly, although the measures to repeal the current Scottish variable rate provisions will commence two months after Royal Assent, they will have no practical effect until the Treasury appoints a tax year as the last tax year in which SVR will operate.

This two-stage approach to commencement is highly unusual but not unique. The practical effect is that the tax proposals will operate only when the Treasury decides they should. The powers conferred on the Treasury to appoint start dates are not subject to any parliamentary procedure and will not even be publicised by means of statutory instrument. The processes for bringing the tax provisions into effect do not require the consent of the Scottish Parliament, Scottish Ministers or even the Westminster Parliament. That would be a fundamental flaw in terms of scrutiny, particularly where the commencement of flawed provisions would result in something damaging the economy.

The SNP believes that there has to be a role for the Scottish Parliament. The Scottish Government have outlined the serious gaps remaining in the proposals, not least the fact that crucial details remain unknown. It is essential that the Bill should include a specific mechanism giving the Scottish Parliament the opportunity to consider the proposals after Royal Assent but before they are brought into effect. Our amendments seek to change the commencement provisions to ensure that the tax provisions cannot be brought into effect without the specific consent of the Scottish Parliament.

As the Bill alters the devolution settlement, the Scottish Government do not consider it appropriate for the key provisions on taxation to be brought into effect by means of an administrative decision by the Treasury. There are plenty of precedents for Scottish consent to be required before UK legislation comes into force. Section 127(4) of the Anti-terrorism, Crime and Security Act 2001 requires a joint order to be made by the Secretary of State and Scottish Ministers before certain measures can be brought into force. Section 148 of the Adoption and Children Act 2002 contains a range of commencement procedures involving Scottish Ministers and the Welsh Assembly. Certain provisions in the Policing and Crime Act 2009 relating to football banning orders require the consent of Scottish Ministers before being brought into force. Finally, the Public Bodies Bill, which is currently being considered in the other place, includes a requirement to obtain the consent of Scottish Ministers before an order abolishing or reforming a public body is made where that order includes provisions on a devolved matter.

7.15 pm

If the commencement arrangements are left unchanged, many of the most important questions about the Bill will be left unanswered. They could then be answered only by HM Treasury when it decided to do so. In the view of the Scottish Government, the SNP and, I hope, Members on both sides of the House, the Scottish Parliament should not consent to what is effectively a blank cheque for the Treasury. Our amendments simply seek that the consent of the Scottish Parliament should be required before the commencement of the provisions. The amendments were not designed to be contentious, but they are vital and would give huge protection not just to the Scottish Government but to the Scottish Parliament by ensuring that the provisions that impact directly on fiscal tax and borrowing provision in Scotland must be agreed to by the whole Parliament and not just Scottish Ministers or UK Ministers before they are applied. I commend the amendments to the Committee.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I want to raise a technical point that was stimulated in my mind by the comments of the hon. Member for Milton Keynes South (Iain Stewart). It is a fairly minor point, but the aim of the Committee is to bring out such points. The hon. Gentleman referred to the Caledonian sleeper situation in which someone got on a train late at night in Glasgow, Edinburgh or somewhere else in Scotland and found that they were in England after midnight. There could also be a situation in which someone got on a train before midnight in Glasgow or Edinburgh, expecting to be in England after midnight, but found, on looking out of the window, that they were in fact in a siding in Carstairs due to the vagaries of the weather—a situation that has perhaps faced some of us in the past.

Leaving that fairly limited example aside, it occurs to me that the issue the hon. Gentleman raises could have wider implications. Take the situation of someone who lives in Dumfriesshire or the borders, perhaps in the constituency of the Under-Secretary of State for Scotland, the right hon. Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell). That person may live in Scotland but be a night-shift worker in England—perhaps a delivery worker for a retailer or a regular night-shift worker in a factory. Such a person could be defined as being in England, rather than in Scotland, under one definition even though he clearly lived in Scotland—or vice versa. It probably would not be appropriate to amend the Bill specifically to cover this issue, but it should certainly be given some thought. Perhaps the Minister could consider it with a view to giving guidance to clarify how such a situation should be addressed. A large number of people would not be affected in that way, but more than a handful might, so it would be useful to get clarification on such points from the Minister now or later.

Ian Murray (Edinburgh South) (Lab): This evening's debate has centred around the complexities of this hugely complex legislation. I had not intended to speak, but I, too, was prompted by the contribution of the hon. Member for Milton Keynes South (Iain Stewart), which led me to think about my experience of running a small business with 12 to 14 staff, doing payroll on a weekly basis and the huge complexities of keeping up with changes in legislation and making sure that my staff were aware of such legislation. Hon. Members would not believe the number of staff I have employed over many years who did not understand what a tax code was, how they were taxed on their income and how national insurance was involved.

Jim McGovern (Dundee West) (Lab): Some of the previous speakers, such as my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) and the hon. Member for Congleton (Fiona Bruce), should remember that these proceedings are televised and that the public hope to understand what we are talking about. My hon. Friend the Member for Edinburgh South (Ian Murray) has kept his contribution fairly simple so far, but I failed to understand some of the earlier contributions.

Ian Murray: I am grateful for my hon. Friend's intervention, which highlights the fact that the Government's agenda for growth is about growth in the small and medium-sized enterprise sector, and making sure that small businesses in particular can contribute a significant amount to the private sector to take up the slack caused by the job cuts in the shrinking public sector. However, the complexity of the legislation we are examining is detrimental to the many small business owners who will be concerned about the complex process they will have to go through to make sure that they employ people in accordance with the right piece of income tax legislation. Many issues have been raised about travel—I do not call the train the Caledonian sleeper; I call it the Caledonian keep-you-awake, as I have yet to sleep on it—and I hope that the legislation does not include provisions on where someone falls asleep, otherwise my own tax affairs could be rather complex.

We must consider the issue of close connection. People may work in a different part of the UK, but it is not necessarily the place that they call home. Any Scottish MP who has regularly done the trip from Scotland to London will recognise many faces on their train or flight as people who work in London Monday to Thursday. They leave Scotland on Sunday night, and return on Thursday evening or Friday morning to their family. They would not regard themselves as English income taxpayers. They would very much regard themselves as being resident in Scotland. It is where they call home, but, as we have heard from the hon. Member for Milton Keynes South, it would not necessarily be classified as their place of residence for the payment of income tax.

Jim McGovern: My hon. Friend will have used the Caledonian sleeper. Does he agree that "Murder on the Orient Express" has nothing to do with that train?

Ian Murray: I was about to say that I was delighted to receive an intervention from my hon. Friend, but perhaps I should say that I have noted his comments, and will move on.

I should like to mention Her Majesty's Revenue and Customs. At my surgery—no doubt this is the case at the surgeries and advice sessions of many right hon. and hon. Members—I have been beset by the complicated problems that my constituents have experienced as a result of their not understanding the HMRC process. Indeed, taxation errors have been made by both HMRC and employers. HMRC is undoubtedly under pressure,

[Ian Murray]

with more job losses over the next few years. In fact, I think its work force will have halved by 2015. I hope that the Government will take into account the complexities of the legislation to make sure that HMRC has the resources to be able to deal with it properly. The Federation of Small Businesses has been mentioned by my hon. Friend the Member for Glasgow North (Ann McKechin) in connection with the number of small businesses that use the pay-as-you-earn system. There are problems with self-assessment, which can become complex for someone who satisfies some of the tests of the legislation, but conducts personal business in different parts of the UK.

My hon. Friend the Member for Edinburgh East (Sheila Gilmore) raised the issue of tax avoidance. If there are different income tax rates in Scotland and England, I hope that HMRC will have the resources to deal with that so that people do not deliberately try to satisfy the tests of the legislation to benefit from a different income tax rate on the other side of the border. Many of the constituents of the right hon. Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell) will be affected by those cross-border issues, as we have heard.

HMRC definitely needs the resources required to be able to deal with that properly, and to put provisions in place to make sure that people understand the system. All too often, as the Member representing Edinburgh South, I have dealt with self-employed constituents who have filled in self-assessment forms and then experienced a hard-nosed approach from HMRC in some pretty dreadful letters. Some letters say that it will send agents round to seek to pin down possessions and sell them to cover the debt when, in fact, HMRC has made an error in its tax coding and the problem has to be sorted out at a different level.

All those issues come together. The measure is welcome, as it gives the Scottish Government and Parliament real accountability for the proportion of tax that they can raise locally in Scotland for the people of Scotland. However, we must be aware that there will be many small businesses, employers and employees who will be concerned about how the measure will operate. If the system is to be accountable and is to operate practically for the benefit of the people of Scotland and for the Scottish Parliament, we must make sure that it is not undermined by a complex set of rules that are easily circumvented as a result of tax avoidance or because genuinely self-employed or small businesses cannot understand it sufficiently. We must put support in place to ensure that they follow the rules properly and so that the measure operates in the most effective manner.

Mr Gauke: We have had a lengthy and thorough debate. First, I intend to address the amendments and then set out in a little more detail the various tests on what constitutes a Scottish taxpayer. Finally, I hope to pick up the points that have been made in the debate and try to answer as many technical questions as possible. Whether I will be able to find the solution to the question of whether Mr Stewart senior is a Scottish taxpayer remains to be seen, but I will do my best.

Amendment 68 would require the Scottish Parliament to consult such persons as Scottish Ministers consider appropriate before setting the Scottish rate. I believe that that is inappropriate, as it interferes with the accountability of the Scottish Parliament to the people of Scotland. It should not be for the UK Parliament to tell the Scottish Parliament or Scottish Ministers how they should go about setting the rate of tax. It is for them to decide and ultimately to be accountable for that decision to the Scottish people through the ballot box. There is nothing to stop the Scottish Parliament in its Standing Orders including a requirement to consult or take evidence on setting the rate if it wishes to do so. Rule 6.6 of the Standing Orders of the Scottish Parliament sets the remit of its Finance Committee, which is required to consider and report on, among other things,

"proposals for the making of a tax-varying resolution".

It will be for the Scottish Parliament to decide whether a similar provision should be made in relation to any proposal to set the Scottish rate of income tax. That is a matter for the Scottish Parliament—it is not something that we should prescribe in Westminster.

Amendment 69 requires the Treasury formally to consult Scottish Ministers, the Scottish Parliament and other persons before it uses its powers to disapply or modify the application of the Scottish rate of income tax. It may help if I describe the purpose of this power. We plan to use it to set some of the detailed rules on the operation of the Scottish rate of income tax, because any changes have to operate within the UK income tax framework, which is a reserved matter. The Scottish Parliament has given its consent to the Bill through the legislative consent motion, which includes that power and the way in which it will operate. It was not raised as a concern by the Scottish Bill Committee in its extensive scrutiny of the measure.

Having said that, I can confirm that HMRC will work closely with all parties concerned, and it has set up three technical groups that include representatives of business and of individual taxpayers. The Scottish Government participates in all those groups, which cover in particular how reliefs for charitable contributions and pensions will be treated. The Government will publish draft legislation in advance, giving all parties an opportunity to comment. That is very much in line with our approach outlined in "Tax policy making: a new approach", which was published at the time of the June Budget. Tax policy making has been criticised as piecemeal and reactive. I want a new approach, with consultation on policy design and scrutiny of draft legislative proposals as its cornerstone.

I accept the motivation behind the amendment, but I hope that the hon. Member for Glasgow North (Ann McKechin) agrees that this is something we are very much doing already, so the amendment is unnecessary. Proposed new section 80G of the Scotland Act 1998 provides the Treasury with supplementary powers to allow modifications to be made at a later date. It allows, for example, certain types of income or relief to be included or excluded from the Scottish rate to provide the flexibility to be able to respond to stakeholder input and the changing environment.

Subsection (4) of new section 80G gives the Treasury a limited power to make any changes retrospective to the beginning of the tax year. The timing of the Budget cycle is such that many Finance Bills contain proposals that come into effect before Royal Assent. I hesitate to bring back painful memories for the official Opposition,

but hon. Members might recall that the previous Government introduced a clause on Report of the Finance Bill 2008, increasing the personal allowance by £600 in 2008-09 in response to pressure over the abolition of the 10p rate of income tax. As is common, Royal Assent did not occur until the summer of that year—until 21 July 2008 to be precise—but that clause took effect from the start of the tax year. A more technical example is section 60 of the Finance Act 2006, which I imagine you recall well, Ms Primarolo. That redefined the income tax exemption for employer-provided mobile telephones, and removed the ability of the family or household of the employee to use such a phone tax free. The clause took effect for the tax year 2006-07, but did not receive Royal Assent until 19 July 2006.

7.30 pm

It is important therefore that, where necessary, any order made under the powers given by section 80G can take effect from the start of the tax year. The Scottish rate is to apply for a tax year, and preventing amendments under section 80G from applying for the whole of the tax year could create difficulties for individuals and businesses alike. It is also identical to the power already in section 79 of the 1998 Act introduced for the Scottish variable rate.

Jim McGovern: On the subject of retrospective taxation, the previous Government committed to tax breaks for the computer games industry. Will the coalition Government commit to introducing tax breaks for the computer games industry retrospectively to April 2010?

Mr Gauke: With the greatest respect to the hon. Gentleman, I am not sure that that is entirely in order. I am sure the Chair would not want me to be diverted into that matter.

I assure hon. Members that the Treasury is not seeking a general power to impose retrospective legislation. I am not in a position to predict what consequential changes might be needed to other legislation because of future finance or other Acts in relation to the Scottish rate of income tax. The period of potential retrospection is rightly restricted to the start of the tax year in which the order is made, so that if we need to make a consequential change it can take effect at the same time as the provision to which it is consequential. To do otherwise would create complexities.

Stewart Hosie: The Minister will recall that on a small number of occasions an anti-avoidance measure went further back than the start of a financial year. In those circumstances, would he have to come back and seek a different power so that an avoidance measure in England went further back than the start of the financial year in Scotland? I would not like to see such an irregularity.

Mr Gauke: The hon. Gentleman is right. There are circumstances in which anti-avoidance measures have been retrospective and go back further. As I say, the power would take us only to the beginning of the relevant tax year in which the order is made. Other sorts of anti-avoidance measure would not fall under this power because of the constraint within it. The Bill is not designed to meet that purpose. I hope that provides the hon. Gentleman with some clarity. I hope also that my comments on amendments 68 to 70 are helpful and that he now feels able to withdraw the amendments.

Amendments 42 to 44 and 47 to 50 seek to make the process by which the Treasury appoints tax years to bring into effect the provisions relating to the new Scottish rate of income tax and the effective date that UK stamp duty land tax and landfill tax are disapplied subject to the consent of the Scottish Parliament. This is to be indicated by way of resolution. I consider this to be unnecessary. We have stated our intention to commence the Scottish rate of income tax from April 2016, and to devolve the landfill tax and stamp duty land tax by April 2015.

The Scotland Bill Committee in the Scottish Parliament welcomed these proposals, as it stated in its report. The Scottish Parliament has now given its approval to the measures included in the Bill through the legislative consent motion. The Bill provides for the new Scottish rate of income tax to be brought into effect in such tax year as is appointed by the Treasury as a precautionary measure. Appointed day orders will be issued in advance of disapplying the stamp duty land tax and landfill tax. We have also tabled Government amendments, which I will come to later, to ensure that this process is completed by order made by statutory instrument so that these are printed and published for transparency.

Lindsay Roy: Given the points made by my hon. Friend the Member for Edinburgh South (Ian Murray) and various other points about the need for operational effectiveness, is it likely that the introduction of the Scottish income tax rate will create additional HMRC jobs and, if so, are they likely to be based in Scotland?

Mr Gauke: If the hon. Gentleman will forgive me, I want to deal with the amendments first, as I stated in my opening remarks. I will then deal with some of the questions that have been raised as a consequence, and touch on some of the administrative consequences of the changes.

We made it clear in the Command Paper that accompanied the Bill that if the Scottish Parliament is not ready to introduce the smaller taxes in April 2015, we would consider delaying the switch-off of the UK-wide versions of the taxes in Scotland. That said, we must be clear that clauses 29 and 31 enable the disapplication of the existing tax in Scotland. Should the Scottish Government and Parliament decide that they do not wish to put in place a Scottish version to cover the existing tax base, we will not leave the current stamp duty land tax or landfill tax in place. It will be for the Scottish Government to decide what, if any, arrangements they wish to put in place in this area once it is devolved to the Scottish Parliament.

Stewart Hosie: That is clear. The problem arises if the timing is wrong. Why would the Minister disapply the existing legislation and leave a gap for the Scottish Government to fill at some point in the future? Why should disapplication not happen until the Scottish Parliament gives its explicit consent? Making that happen properly would match the respect agenda and avoid any difficulties.

Mr Gauke: The Scottish Parliament has made it clear that it supports the proposals. We are setting them out some years in advance. My understanding is that there is a consensus on the proposals, and it is for the Scottish Government to ensure that there is no gap after 2015. We have made it clear that we will work closely with the Scottish Government as we move towards full implementation of the measures set out in the Bill. This engagement will ensure that the Scottish Government can keep the Scottish Parliament apprised of implementation work in good time. I consider the additional requirements to be unnecessary, and I therefore urge the hon. Member for Dundee East to withdraw the amendments.

I shall deal briefly with Government amendments 61 to 66, and new clause 18. These are minor and technical and ensure that we have a proper parliamentary process attached to the provisions that bring into effect the provisions of the Bill. Government amendments 61 to 64 amend the existing provisions in the Bill to bring into effect the provisions in clauses 26, 29 and 31. The amendments make it explicit that the days or tax years appointed by the Treasury under these clauses will be appointed in orders made by the Treasury. New clause 18 ensures that these Treasury orders are classed as statutory instruments and are therefore printed and published.

Government amendments 65 and 66 both amend the existing provisions in clause 38 relating to commencement. These should be read in conjunction with new clause 18, which ensures that the order-making powers provided for by the Bill are all statutory instruments and therefore subject to the applicable parliamentary process. The amendments do not have any substantial effect on the provisions in the Bill, and are simply drafting amendments. I commend them to the Committee.

A number of hon. Members asked about the definition of a Scottish taxpayer. Let me say at the outset that the Bill sets out a definition of Scottish taxpayers, as opposed to Scottish residents, and can therefore apply, notwithstanding the absence of a statutory residence test. It might be of help if I set out how that will work. The definition of a Scottish taxpayer will determine which individuals are liable to pay income tax at the rate set by the Scottish Parliament. It is based on the definition included in the Scotland Act 1998 for introducing legislation on the Scottish variable rate, a point made by my hon. Friend the Member for Carlisle (John Stevenson). However, we have taken the opportunity to review the definition to make it easier to administer and simpler to apply, and to remove some of the potential unfairness that could arise from the application of the definition provided for the purposes of the Scottish variable rate.

Following the recommendation of the Scottish Parliament Committee that examined the Bill, which was endorsed by the Scottish Parliament on 10 March, we also intend to table a new clause on Report to apply the new definition of a Scottish taxpayer for the purposes of the Scottish variable rate. The new definition is structured as a series of conditions that will enable an individual to see whether they are a Scottish taxpayer. Where they meet any one of these conditions, they can simply disregard the remainder. As I will explain in a moment, this means that relatively few people will need to consider every condition. In other words, the definition will produce an answer in only a few steps, avoiding the need for the majority of people to record and count the number of days spent in Scotland.

A Scottish taxpayer will be someone who meets two tests in a tax year. The first test is that the individual in question is UK resident for tax purposes. It is important to emphasise that the definition does not disturb those rules or increase their complexity, but merely sits on top of them. We are not replacing the underlying rules of UK tax residence with an entirely new concept of Scottish tax residence. The second test is whether the individual meets any one of three conditions—A, B or C.

Condition A is that the individual has a "close connection" with Scotland, which is defined in proposed new section 80E. For the majority of people, it will be a straightforward question of whether they have a close connection with Scotland. If they have one place of residence in the UK and it is in Scotland, they will have a close connection with Scotland and will therefore be a Scottish taxpayer, provided that they live there for at least part of the year. This last condition—that the individual lives in the place of residence—is a crucial part of the definition and ensures that it is simple to operate. Someone may stay in a place of residence which is not their home, perhaps while on holiday or as part of their work, but such nights away are disregarded because those are not places where the person lives, but merely places where they stay.

Let us consider the example of sales reps who have one home in England in which they live with their family at weekends, but who spend their working week in Scotland. While they are away, they stay in a variety of hotels. Because the family home in England is the only place in which they live, they will not have a close connection with Scotland and will therefore not be a Scottish taxpayer, even though they physically spend more nights in Scotland than they do in England. That is all they need to do; there is no requirement for them to keep a detailed record of the number of nights they spend in each part of the UK. This is one way in which we have sought to improve on the definition of a Scottish taxpayer set out in the 1998 Act, which would have required people in such a position to keep records of the days they spend in each part of the UK.

Mrs Anne McGuire (Stirling) (Lab): I want to offer the Minister a note of caution, as the understanding of where a person lives and where they stay is slightly different in Scotland. I hope he will come up with something that is legally a little more robust than the simple distinction between staying and living. The nods from Scottish Members, who understand the vernacular, verify the advice that I am trying to give him.

7.45 pm

Mr Gauke: I am always grateful for advice on Scottish vernacular, and to the right hon. Lady for her comments. If I may complete my explanation, I hope that things will prove to be reasonably clear.

If someone has two or more places of residence in the UK, the question of whether or not they have a close connection with Scotland will depend on whether their main place of residence is located in Scotland for at least as much time as they spend somewhere else in the UK, again provided that the place of residence is where they live. This will apply to those who split their time between a house in Scotland and a house somewhere else in the UK, both of which can be described as their

main place of residence. It will also apply to those individuals who sell their homes sometime during the tax year and move from Scotland to somewhere else in the UK, or vice versa. Within that year, they will have more than one place of residence in the UK, and which of those will be their main place of residence will effectively depend on what stage in the year they move house. In the case of someone who starts the year with their home in Scotland but moves to England after eight months, their Scottish home will be their main place of residence for longer than their new home in England. Such individuals will therefore be a Scottish taxpayer for the full tax year.

Condition A has been designed to enable the vast majority of people to decide whether they are a Scottish taxpayer without the need to consider the other two conditions. After all, most people will have no difficulty deciding where their main place of residence is located.

Iain Stewart: Will the Minister give way?

Mr Gauke: I will, but with some trepidation.

Iain Stewart: I have been listening carefully to what the Minister is saying but am still a little puzzled. I understand the example of a sales rep who might use hotels or temporary accommodation, but if the other residence is another house or flat that the resident has registered for council tax or for the purpose of being on the electoral register, for example, does that come under that definition? My father, for example, could self-declare his home in Scotland as his principal residence, even though he might spend a minority of the time in a year there.

Mr Gauke: The ordinary meaning of the main place of residence is set out in case law. It is not necessarily determined by the number of days one spends at a location. To use the example of my hon. Friend's father, if a commuter has his family home in Hamilton and stays there every weekend, although he might spend more time at work in London, Hamilton would be his main residence. HMRC guidance will provide a number of worked examples of that. I am reluctant to give too much information that could constitute specific advice, as I obviously cannot comment on individual cases, but I hope that that is helpful.

Jim McGovern: I presume, and hope, that the Minister has discussed what he is talking about with the Independent Parliamentary Standards Authority.

Mr Gauke: I will come to condition C in a moment, which I hope will provide the hon. Gentleman with the answer that he and others are looking for.

Having dealt with condition A, it would be remiss of me not to address condition B. It is possible for some people with two or more places of residence in the UK to be unable decide which is their main place of residence. I do not think that that applies to Mr Stewart senior, but it might apply in some cases. It is for such people that condition B has been designed. Someone who cannot determine under condition A which part of the UK they have a close connection with will need to count the number of days they spend in Scotland, compared with the number of days they spend elsewhere in the UK—in other words, a straightforward day count test. If they spend more days in Scotland than they do elsewhere in the UK, they will be a Scottish taxpayer. If they spend more days elsewhere in the UK than they do in Scotland, they will not be a Scottish taxpayer. We recognise that it might be onerous in some cases to have to keep a day count record, but the number of people within that category should be relatively few.

To deal with one question that my hon. Friend the Member for Milton Keynes South (Iain Stewart) raised, for the purposes of the day count, an individual has spent a day in Scotland or in any part of the UK when they are present at the end of the day—in other words, at the stroke of midnight. That is consistent with the existing and long-standing rules that determine presence in the UK for the purposes of tax residence.

Condition C, which I suspect is of particular interest to a number of hon. Members, is set out in proposed new section 80D of the 1998 Act and is very straightforward. If someone represents a Scottish constituency in the Scottish, UK or European Parliaments for any part of the year, they will be a Scottish taxpayer for that tax year, provided of course they are UK resident, which I assume will generally be the case. The definition has also been designed in such a way that an individual will be a Scottish taxpayer for a full year. They cannot be a Scottish taxpayer for part of the year and not a Scottish taxpayer for the rest of the year. That again helps to reduce unnecessary complexity in applying the definition and understanding of whether or not an individual is a Scottish taxpayer.

It is envisaged that the new Scottish rate of income tax will first be applied from 6 April 2016, as we have already heard. There are more than five years before the provisions take effect, and during that time we will continue to discuss with businesses, employers, taxpayer representatives, charities and software providers the necessary practical steps to achieve a successful implementation. The measure will need to work successfully throughout the UK tax system, as it will not impact on Scottish taxpayers or on Scottish employers alone.

HMRC has therefore established three technical groups with representatives throughout the UK, including a pensions group, charities group and an income tax group. Those groups are reporting to the high-level implementation group, which the Secretary of State and I established last summer. We are discussing with the technical groups the implementation issues—for example, the application of differing rates throughout the UK on tax relief for contributions to pension schemes and on gift aid. It is also conceivable, given the lead time to implementation, that there might be changes in the business or tax environment or to processes.

As we discussed when considering the earlier amendments, the clause includes a number of supplementary powers to allow certain modifications to be made at a later date—for example, enabling certain types of income or relief to be included or excluded from the Scottish rate to provide the flexibility to respond to stakeholder input and to the changing environment.

I shall pick up on some of the questions that I have not dealt with in my explanation, which I hope the Committee has found helpful. A worker who spends significant amounts of time on an offshore oil rig or another place of work off the UK coastline will not usually need to count the number of days they spend

[Mr Gauke]

there to determine whether they are a Scottish taxpayer. The oil rig is not likely to be their sole or main place of residence in the UK, so any time spent on it can be disregarded when deciding whether they are a Scottish taxpayer. The only exception is if the location of the individual's main place of residence is genuinely unclear. In such cases, whether someone is a Scottish taxpayer will be determined by the day count. If the oil rig is in Scotland, those days will need to be included for the Scottish count.

We continue to look, with the Ministry of Defence, at the issues surrounding our armed services, and we will come to a firm conclusion on that in the near future.

The question was raised of whether a personal representative of a deceased person will be a Scottish taxpayer, and the answer is no. A Scottish taxpayer will be an individual, and after their death that will not extend to the personal representative. It follows that any income arising during the administration of the deceased's estate will not be subject to the Scottish rate of income tax.

I was asked whether it was fair that people will not receive split-year treatment when they move between Scotland and the rest of the UK, and I touched on that briefly a moment ago. No split-year treatment applies to those leaving or arriving in Scotland: an individual will be a Scottish taxpayer for a full tax year or not at all. There is no prospect of double taxation when someone lives part of the year in Scotland and the rest of the time in another part of the UK. It would be administratively much more complex were we to try to split the year.

On whether proposed new section 80G is too broad, that goes back to my earlier discussion of the amendments in this group. The power in the new section is needed to deal with mainly technical changes and to decide which reliefs should be taxed at the variable or UK rates. That is almost a mirror image of the power to deal with the consequences of setting the Scottish variable rate, which is already in section 79 of the 1998 Act. It is worth pointing out, as I said earlier, that we have set up three technical committees, on charities, pensions and income tax, to discuss the impact that the Scottish rate of income tax will have on the wider tax system, and to consider where modifications might be required. Therefore, we need the power to deal with that situation.

I reassure the Committee that the Treasury does not seek a general power to impose retrospective legislation; the measure set out in proposed new section 80G is limited to the start of the tax year. If we need to make a consequential change, we will ensure it takes effect at the same time as the provision to which it is consequential. We think that that will be helpful.

A point was made about what HMRC and the Government will do to support employers, and about the concern that the measure might be administratively difficult for employers when identifying who is and is not a Scottish taxpayer. Let me assure the Committee that it will be HMRC's responsibility to identify who is and is not a Scottish taxpayer. Scottish taxpayers will then be given a Scottish tax code by HMRC, and employers will use it in the PAYE system, just as they do with other employees. It is also worth mentioning that there will be an awareness campaign in Scotland and in the rest of the UK ahead of the system's introduction.

The rights of appeal will be based on existing mechanisms, but they might need to be adapted, and HMRC will discuss that with the professional associations in due course through the technical groups that it has established. The self-assessment form for the self-employed will need to be altered to reflect the existence of Scottish taxpayers.

On condition C, which applies to Members of Parliament and of other elected bodies, the question was asked, "Why not Scottish judges, other senior members of the Scottish civil service and so on?" We have singled out only elected representatives; others will be subject to the same rules as other Scottish taxpayers. We think it appropriate that there is no ambiguity in the case of elected representatives, and those representing Scottish constituencies at whatever level should be Scottish taxpayers.

That is a rather lengthier speech than I had hoped to make, but a number of questions were raised and I wanted to provide as many answers as possible to what is one of the most technically challenging aspects of the Bill. The solutions that we have reached are those that improve what we are building on, and they should provide as much clarity as possible.

Ann McKechin: May I welcome you to the Chair again on this Bill, Ms Primarolo? I also thank the Minister for a full explanation of the various technical measures, and for his response to the questions that have been raised in the debate. I appreciate that it might not have been the most exciting debate; indeed, it might have rendered some Members closer to sleep than the Caledonian sleeper could have done. Nevertheless, it is important that we have on the record the Government's response to a number of key questions that, when we come to implementation, will impact on many hundreds of thousands of people. It is important that we have as full a picture as possible in our debate this evening.

I accept the Minister's comments about amendment 68 requiring the Scottish Government to consult such persons as they consider appropriate. The taxpayer would anticipate and expect the various business organisations and tax specialists who are generally consulted by the UK Treasury as a matter of routine and good practice to receive the same approach and level of consultation from the Scottish Government. I am sure that the Scottish Government, of whichever political hue, will want a full consultative process. The Minister noted that the Scottish Parliament has a specific power to lay this down in Standing Orders, and I hope that it will give recognition to what has been said in this debate.

8 pm

I note the Minister's comments on amendment 69, which have been helpful in clarifying the Government's approach and the fact that they already have a number of mechanisms, with the Joint Ministerial Committee and the interchange of work with civil servants on both sides of the border, through which they can consult Scottish Ministers. That is a very strong and robust system, and it is important that it is maintained and enhanced as we go through this process over the next few years, when it will be important that all parties work together as closely as possible to ensure that policies work.

This debate has shown up the complexities regarding residency. My right hon. Friend the Member for Stirling (Mrs McGuire) was right to point out how the

interpretation of where someone stays or lives can have different connotations. Those of us who have represented a constituency for a number of years will recognise the complex personal lives that some of our constituents have. They may sometimes be a bit reluctant to tell people where they are staying or living at any particular time of the week or month of the year.

Mrs McGuire: Does my hon. Friend recognise that the situation can be further complicated if one asks where they come from?

Ann McKechin: Yes, indeed.

That brings us to how the questions are phrased on any self-assessment form and the guidance that is provided to individual taxpayers and to their employers. Obviously, employers will have a high level of responsibility in advising their staff about whether they will be covered. The Minister cited the example of a travelling salesman, but there are many other examples of staff who travel the country from time to time. Some people's lives are entirely peripatetic—entertainers, for instance. I remember many years ago, when I was a lawyer, acting for entertainers who spent the summer season living down in Blackpool and then came back up to Scotland for the winter season.

Mrs Eleanor Laing (Epping Forest) (Con): Does the hon. Lady recall the leading case on residence in Scots law—Udny *vs.* Udny—in which the fact that the person in question, despite having a house in England, continued to take *The Sunday Post* every week proved that he was still domiciled in Scotland?

Ann McKechin: Indeed. The hon. Lady attracts me into an interesting debate on the difference between residency and domicile, but I am not going to bore the Committee—I can see that the Under-Secretary is getting a bit concerned—about the distinction between the two. That sort of thing keeps tax lawyers very busy.

Jim McGovern: Surely my hon. Friend would agree that going to Blackpool in the summer guarantees that one is Scottish.

Ann McKechin: Indeed. Travelling down there on the train to the Labour party conference on a Glasgow holiday weekend was an interesting experience. One could easily distinguish between those who were delegates and those who were on their holidays. I remember one occasion when people had brought along half a band, which was playing on the train.

The hon. Member for Milton Keynes South (Iain Stewart) and others commented on the Caledonian sleeper. Let me say that the Caledonian sleeper provides an essential travel service for many of us, and long may it remain so, because otherwise our travel plans would be even more difficult than they are given that certain flights will be withdrawn at the end of this month. That brings to mind a story that I recall being told about a colleague who represented the city of Glasgow many years ago, and who was a member of the railwaymen's union. He regularly managed to sleep on the train. One night, he asked the guard to make sure that he was taken off the train at Motherwell, not Glasgow, because he had to address a union meeting just before the workers went on shift. There would be several hundred people there, and it was absolutely essential that he got off. He duly woke up in the morning and found himself at Glasgow Central station. The guard opened the door and said, "I know you're really angry, but you're not as angry as the man we shoved off the train at Motherwell." I am sure that there are many such stories about Members of Parliament.

I note the Minister's comments regarding residency of Members of Parliament. Some people might think we are getting special preferential treatment so that we can easily distinguish whether we are UK tax residents who are not living in Scotland or vice versa. However, I do not object to the definition. Perhaps it makes things a little easier if, when the Bill becomes law, we are asked awkward questions about our own position. I am sure that some of the points raised today will be considered by implementation committees.

On the Minister's comments about armed forces personnel, we need to be able to define this at a fairly early point. It would be preferable if at some point during the passage of the Bill—certainly before it comes back from the Lords—we knew about the position of the armed forces. Will the Minister ask his colleagues to ensure that we have a definitive response before we reach our final conclusions on the Bill?

The Minister's comments on amendment 70 were helpful in defining the circumstances in which retrospective amendments may be made. I acknowledge that there will be limited circumstances where that is appropriate. Given the timing of the Budget, it is almost inevitable that this may occur from time to time. His clarification helped to show that he regards this as a de minimis clause rather than one that will be used to the maximum extent. However, I hope that he can assure us that Scottish Ministers and the Scottish Government will be provided, at the earliest opportunity, with information about how this is likely to impact on them. Perhaps it is part of the Exchequer's standard consultation process and pre-Budget report that it is fully engaged with the Scottish Government so that they are able to make appropriate contingency plans should a clause in the Finance Bill then be passed by this House and by the House of Lords.

I believe that we have had a reasonable level of reassurance from the Minister on those questions. These are primarily probing amendments. Accordingly, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 26

SCOTTISH RATE OF INCOME TAX

Amendment made: 61, page 20, line 31, after 'Treasury', insert 'by order'.—*(Mr Gauke.)*

Amendment proposed: 42, page 20, line 31, after 'Treasury', insert

', with the consent of the Scottish Parliament,'.—*(Stewart Hosie.)*

Question put, That the amendment be made.

The Committee divided: Ayes 9, Noes 286.

Division No. 223] **[8.9 pm**

AYES

Hosie, Stewart	MacNeil, Mr Angus Brendan
Llwyd, rh Mr Elfyn	Robertson, Angus
Lucas, Caroline	Skinner, Mr Dennis

Weir, Mr Mike
Whiteford, Dr Eilidh
Williams, Hywel

Tellers for the Ayes:
Pete Wishart and Jonathan Edwards

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Donaldson, rh Mr Jeffrey M.
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Field, Mr Mark
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lopresti, Jack
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Timpson, Mr Edward
Tomlinson, Justin
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittaker, Craig

Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Philip Dunne and Bill Wiggin

Question accordingly negatived.

Amendment made: 62, page 20, line 35, after 'Treasury', insert 'by order'.—*(David Mundell.)*

Clause 26, as amended, ordered to stand part of the Bill.

Schedule 3 agreed to.

Clause 27

INCOME TAX FOR SCOTTISH TAXPAYERS

Question proposed, That the clause stand part of the Bill.

Ann McKechin: I wish to ask the Exchequer Secretary a couple of questions about this technical clause. Can he confirm how deductions for pension contributions and gift aid will be made? Will the taxpayer be able to choose the order of deductions against various sources of income?

The Scottish Parliament will need to know the size of the tax base before setting the rate. Will the Government undertake to ensure that they give the Scottish Parliament, as well as the Scottish Government, early notice of changes in the level of income tax personal allowance and thresholds? I asked that question in relation to clause 26, but it is important to have the earliest possible consultation and information given not only to the Scottish Government but to the Scottish Parliament.

Mr Gauke: I thank the hon. Lady for her questions. If somebody is classed as a Scottish taxpayer, they will be liable for income tax at Scottish rates on the income that they receive from their pension. We recognise that the treatment of reliefs associated with pension contributions is complex, and our approach will be set out in implementing legislation. Her Majesty's Revenue and Customs has set up a pensions technical group to consider those very issues, and it is examining the practical questions surrounding the new Scottish rate and will make its recommendations in due course. Those recommendations will inform the implementing legislation. There are some potentially difficult administration issues to consider, and HMRC is working with the sector to keep the administrative burdens to a minimum.

Question put and agreed to.

Clause 27 accordingly ordered to stand part of the Bill.

Clause 28

SCOTTISH TAX ON TRANSACTIONS INVOLVING INTERESTS IN LAND

Question proposed, That the clause stand part of the Bill.

Ann McKechin: Again, I should like to ask the Exchequer Secretary a couple of technical questions about the implementation of the clause. He has defined in proposed new section 80J(2) the people who will not be liable to pay the tax in question. Perhaps he could clarify for the record that that relates to people acting in their official capacity, and that if they happen to have property in Scotland on a personal basis, they will still be liable for the tax.

Will the Government undertake that they will not appoint the day on which the tax powers will come into effect until the Scottish Government confirm that they have satisfactory legislation in effect? I realise that the proposed implementation date is 2015, and perhaps the Exchequer Secretary could confirm that that is still the Government's intention. It is important that people with an interest in property have an early indication of when they can expect the tax to be changed.

Mark Lazarowicz: I, too, have a couple of questions, and I would be most grateful if the Exchequer Secretary could deal with them. Does he believe that the provisions of the clause mean that the tax will be applied at the same rate throughout Scotland, or will it be possible for different rates to apply to different parts of Scotland? At the moment, for example, there are times when stamp duty land tax is waived for certain areas that require special assistance. Could that still apply?

Will the Scottish Parliament have the ability to delegate the power in clause 28 to local authorities, for example, so that varied rates could be offered? I am aware that that would not normally be permissible, but the Exchequer Secretary will certainly remember the debate about the possibility of a local income tax in Scotland a couple of years ago. There was a suggestion that if the Scottish Parliament introduced such a tax, it would be ultra vires. That was never tested, because of course the legislation never went through. The suggestion was that a local income tax could give local authorities the power to levy income tax through the back door. Similarly, it could be suggested that they be given the power to vary stamp duty land tax if the Scottish Parliament allowed them to do so. I would very much appreciate some guidance on those points.

I do not want to skip ahead to clause 30, but the same question applies to tax on disposals to landfill—will there be a Scottish rate, or could it be varied? Perhaps the Minister could give me the same reply to deal with both clauses.

Mr Gauke: As far as the list contained in proposed section 80J is concerned, I can provide the reassurance that transactions will be non-taxable only when people are acting in their official capacity. There is not some perk being made available to particular people.

The switching-off of stamp duty land tax will be achieved by Treasury order. However, the UK Government will consult the Scottish Government in setting the switch-off date and will not disapply SDLT in Scotland until the Scottish Government have the necessary legislation and administrative arrangements in place for the devolved tax.

The Scottish Government will be able to delegate the SDLT power in question to local authorities, so the matter could be further localised.

Mark Lazarowicz: I thank the Exchequer Secretary for his answer on that point, which I think will be received with some interest in Scotland. My other, perhaps more substantial, question was whether the

[Mark Lazarowicz]

Scottish Government could implement a variable rate of SDLT, or whatever equivalent they wished to introduce, in different parts of Scotland. For example, could they decide that in certain areas of high unemployment there would be no SDLT, or a lower rate? Would that be within their powers?

Mr Gauke: Yes, that would be within the Scottish Government's power. I hope that my points of clarification are helpful to the Committee, and that the clause will stand part of the Bill.

Question put and agreed to.

Clause 28 accordingly ordered to stand part of the Bill.

Clause 29

DISAPPLICATION OF UK STAMP DUTY LAND TAX

Amendment proposed: 63, page 23, line 12, after 'Treasury', insert 'by order'.—*(Mr Gauke.)*

Mark Lazarowicz: For the sake of clarity, the point that I raised about the Scottish Government's ability—

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. I am sorry. I should have put the Question, because the amendment has already been debated in a previous group.

Amendment 63 agreed to.

Clause 29, as amended, ordered to stand part of the Bill.

Schedule 4

SCOTTISH TAX ON LAND TRANSACTIONS: CONSEQUENTIAL AMENDMENTS

8.30 pm

Mr Gauke: I beg to move amendment 33, page 33, line 33, after 'buyers)' insert—

( ) in subsection (2)(b) after "under the law of" insert "Scotland or";

( )'.

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): With this it will be convenient to discuss Government amendments 34 to 36.

Mr Gauke: Schedule 4, which is introduced by clause 29, makes consequential provisions in connection with the disapplication of stamp duty land tax in Scotland, and is in two parts. Part 1 provides for general amendments to stamp duty land tax legislation in consequence of stamp duty land tax ceasing to apply in Scotland, and part 2 provides for the Scottish Government to supply information to HMRC regarding Scottish land tax.

Amendment 33 makes changes to the stamp duty land tax first-time buyers relief to ensure that a person who has previously bought a property in Scotland cannot qualify for relief when he or she subsequently purchases a property in England, Wales or Northern Ireland. Amendment 34 omits a further reference to Scottish land law terminology.

Amendments 35 and 36 omit provisions in the Finance (No. 2) Act 2005 and the Public Finance and Accountability (Scotland) Act 2000, which is an Act of the Scottish Parliament relating to functions of the keeper of the registers of Scotland. Those relate to the registers of Scotland's automated registration of title to land system, which includes facilities for returns and payment of stamp duty land tax.

Lastly, amendment 36 makes detailed modifications to the provisions in the Finance Act 2009 in relation to alternative finance investment bonds or sukuk. Those modifications reflect the fact that the stamp duty land tax relief will no longer apply to sukuk in relation to land in Scotland, although the provisions for capital gains and capital allowances will continue to apply. Those changes are essential to the proper operation of stamp duty land tax after the tax is disapplied in Scotland.

Amendment 33 agreed to.

Amendments made: 34, page 35, line 36, at end insert—

'( ) In paragraph 10 (tenants' obligations etc that do not count as chargeable consideration), in sub-paragraph (1)(a) omit "(in Scotland, the leased premises)".'.

Amendment 35, page 36, line 9, at end insert—

'Finance (No. 2) Act 2005

In section 47 of the Finance (No. 2) Act 2005 (e-conveyancing) omit—

(a) subsection (1);

(b) subsection (6)(b).'.

Amendment 36, page 36, line 12, at end insert—

'Finance Act 2009

(1) Schedule 61 to the Finance Act 2009 (alternative finance investment bonds) is amended as follows.

(2) Paragraph 1 (interpretation) is amended as follows.

(3) In sub-paragraph (1)—

(a) before the definition of "HMRC" insert—

""effective date", for a transaction relating to land in Scotland, is the date which would be the effective date (under section 119 of FA 2003) if Part 4 of FA 2003 applied to land in Scotland;";

(b) omit the definition of "qualifying interest".

(4) After sub-paragraph (1) insert—

(1A) In this Schedule "qualifying interest"—

(a) in relation to land in England and Wales or Northern Ireland, means a major interest in land (within the meaning given by section 117 of FA 2003) except that it does not include a lease for a term of years of 21 years or less;

(b) in relation to land in Scotland, means—

(i) the interest of an owner of land, or

(ii) the tenant's right over or interest in a property subject to a lease,

except that it does not include a lease for a period of 21 years or less."

(5) Paragraph 5 (conditions for operation of relief) is amended as follows.

(6) In sub-paragraph (6) (Condition D)—

(a) after "Condition D" insert "(which applies in the case of land in England and Wales or Northern Ireland)";

(b) omit paragraph (b).

(7) In sub-paragraph (7) (charge or security for purposes of Condition D)—

(a) omit "or security";

(b) in paragraph (a) omit ", or a security ranking first granted over,".

(8) In paragraph 6(1)(a) (relief from stamp duty land tax) for "the United Kingdom" substitute "England and Wales or Northern Ireland".

(9) In paragraph 7 (withdrawal of relief in certain circumstances)—

(a) in sub-paragraph (1) after "This paragraph applies if" insert "paragraph 6 applies but";

(b) in sub-paragraph (2) after "This paragraph also applies if" insert "paragraph 6 applies but".

(10) In paragraph 9 (discharge of charge when conditions for relief met) omit "or security".

(11) In paragraph 11(2) (disapplication of CGT relief if charge not given) for "the United Kingdom" substitute "England and Wales or Northern Ireland".

(12) In paragraph 12(1)(b) (CGT relief on second transaction) for "the United Kingdom" substitute "England and Wales or Northern Ireland".

(13) In paragraph 18(5) and (6) (discharge of charge if original land replaced)—

(a) for "the United Kingdom" substitute "England and Wales or Northern Ireland";

(b) omit "or security".

(14) In paragraph 19(1) (HMRC to notify Registrar of discharge)—

(a) omit "or security";

(b) omit paragraph (b).

Public Finance and Accountability (Scotland) Act 2000 (asp 1)

In section 9(1) of the Public Finance and Accountability (Scotland) Act 2000 (Keeper of the Registers of Scotland: financial arrangements) omit "(other than payments of stamp duty land tax)".'.—*(Mr Gauke.)*

Schedule 4, as amended, agreed to.

Clause 30

SCOTTISH TAX ON DISPOSALS TO LANDFILL

Question proposed, That the clause stand part of the Bill.

Mark Lazarowicz: I shall again raise the two points that I raised in relation to clause 29. Can the Scottish Government vary the tax rate applied to different parts of Scotland, and can they further devolve the power to local government to a greater or lesser extent if they so wish? I presume that the Scottish tax rate could be different from the rate that applies in England. If so, what measures can be taken to stop the flow of waste towards the part of the country that has the lower rate of landfill tax?

Mr Gauke: Clause 30 provides for the devolved tax on the disposal of waste to landfill sites in Scotland. One Calman commission recommendation on tax was to devolve landfill tax, which was endorsed by the Scottish Parliament when it voted its consent on 10 March.

The tax will be a devolved tax for the purposes of part 4A of the Scotland Act 1998, which is introduced by clause 24. That means that the Scottish Government and Parliament will have complete control over the design and administration of the Scottish landfill tax, allowing them to complement their wider waste policies and to legislate to introduce a devolved tax to replace the existing UK landfill tax in Scotland. I hope that answers the main questions asked by the hon. Member for Edinburgh North and Leith (Mark Lazarowicz).

The revenue raised by the tax will remain in Scotland for use by the Scottish Government. Clause 30 provides as blank a canvas as possible for the Scottish Government to design their tax by simply providing the power to introduce a tax on material disposed of as waste to landfill sites in Scotland. It will come into effect when the Bill receives Royal Assent, which will allow the Scottish Parliament to legislate for the devolved tax, and for the Scottish Government to make the necessary administrative arrangements. The clause, however, provides that the devolved tax cannot apply to disposals made before the date on which the existing UK landfill tax is disapplied in Scotland, as provided in clause 31.

To answer the question on landfill tax competition, the Government are fully devolving that matter. Those setting the structure and rates of landfill tax in Scotland will clearly want to take into account the factors that were raised, such is the nature of devolution in such areas.

Question put and agreed to.

Clause 30 accordingly ordered to stand part of the Bill.

Clause 31

DISAPPLICATION OF UK LANDFILL TAX

Amendment made: 64, page 24, line 8, after 'Treasury', insert 'by order'.—*(Mr Gauke.)*

Clause 31, as amended, ordered to stand part of the Bill.

Schedule 5 agreed to.

Clause 32

BORROWING BY THE SCOTTISH MINISTERS

Stewart Hosie: I beg to move amendment 51, page 24, line 20, leave out from 'which' to end of line 22 and insert—

'are required by them to meet current expenditure because of a shortfall in receipts from the Scottish rate of income tax or devolved taxes.'.

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): With this it will be convenient to discuss the following:

Amendment 52, page 24, line 22, at end insert—

'(1ZA) In borrowing sums under subsection (1), the Scottish Ministers must have regard to any code of practice agreed by them and the Treasury.

(1ZB) A code of practice agreed under subsection (1ZA) may include provision as to—

(a) how the Scottish Ministers are to determine and keep under review how much they can afford to borrow,

(b) the terms and conditions on which sums may be borrowed,

(c) limits on the aggregate at any time outstanding in respect of the principal of sums borrowed.'.

Amendment 54, page 24, line 23, leave out from 'may' to 'any' in line 24 and insert 'borrow'.

Amendment 55, page 24, line 28, at end insert—

'(1C) In borrowing any sums under subsection (1A), the Scottish Ministers must have regard to any code of practice agreed by them and the Treasury.

[The Second Deputy Chairman]

(1D) A code of practive agreed under subsection (1C) may include provision as to—

(a) how the Scottish Ministers are to determine and keep under review how much they can afford to borrow,

(b) the terms and conditions on which sums may be borrowed,

(c) limits on the aggregate at any time outstanding in respect of the principal of sums borrowed.'.

Amendment 53, page 24, line 31, leave out subsections (6) to (8) and insert—

'(5A) Subsections (2) and (3) are omitted.'.

Amendment 56, page 24, leave out line 38 to line 5 on page 25.

Amendment 57, page 25, leave out subsection (10).

Clause 32 stand part.

Stewart Hosie: The borrowing powers in the Bill are at the heart of devolution. On Second Reading, a number of serious questions were raised on both revenue and capital borrowing powers. I shall come to the detailed issues in the main part of my comments, but, fundamentally, I am seeking to put in place a code of practice for the Treasury and the Scottish Government to address limits, restrictions, thresholds, maximum amounts and the nature of borrowing, be it through bonds or direct loans from the consolidated fund. That is a sensible way to amend the Bill. To make such provisions otherwise would require draft orders to be tabled, but amendments to Bills cannot be made with draft orders. Much of the narrative on this matter is in the Command Paper, but it is likewise impossible to amend by amending the Bill.

The amendments are pretty self-explanatory but I would like to detail the reasons for them. The revenue-borrowing powers are fundamentally linked to the wider taxation proposals in the Bill. Both the Scottish National party and the Scottish Government have previously made clear their concerns about the tax proposals. If a full range of fiscal policy levers were available to the Scottish Government, it would have to include a borrowing regime with sufficient flexibility to allow public spending profiles to be managed across entire economic cycles, not simply four-year forecast periods. The UK Government's proposals, however, fall far short of that, yet by exposing the Scottish Government and the Scottish Parliament to cyclical fluctuations in income tax they embed a high degree of volatility in Scotland's public finances, which cannot be right when we are seeking to protect public services and find means to grow the economy.

The Bill proposes to allow for annual borrowing of up to £200 million in any one year, and for a maximum limit of £500 million to finance current expenditure where there are differences between forecasts and the outturns of Scottish tax revenue under the Bill's income tax proposals. Loans must be made within four years of being taken out. I understand that these provisions are additional to the provisions of the Scotland Act 1998, which allows revenue borrowing for the purposes of providing cash balances and maintaining cash flow. The aggregate limit of the Act is also £500 million, so the additional purpose proposed in the Bill, plus the passage of the 13 years since the original limit was set, has apparently not been considered sufficient reason for lifting the limit. We do not believe that that is credible.

The Bill also lacks flexibility to deal not necessarily with forecast errors, but forecast falls identified in advance. I will return later to the reason that that is a problem. More crucially, the provisions in the Bill are insufficient to manage volatility in tax receipts that might reasonably be expected to occur. Importantly, over the past decade, UK Government income tax forecasts have, on average, been overly optimistic, and the annual cap of £200 million would have been insufficient to offset deviations in income tax receipts relative to forecasts in recent years.

Jim McGovern: The hon. Gentleman might have heard me earlier saying that these proceedings are televised. The general public would like to know what we are speaking about, so will he keep his remarks as understandable as possible?

Stewart Hosie: I thought that my remarks were always understandable. The problem is that we are dealing with the technical provisions—the fiscal and borrowing powers—of a Bill. It is necessarily technical. However, I shall try to summarise it in plain English, if possible, when I get towards the end of my remarks.

In 2010-11, the difference between the Treasury's original forecast for UK income tax and the most recent estimate is about £35 billion. Under the Scotland Bill, an equivalent forecasting error would have reduced the Scottish Government's budget by approximately £1 billion. The implication of that and the four-year payback period is that had the system been in place during the last spending review period, repayment of the loan would have had to be made within what are now pressurised budgets—a £1.3 billion cut to Scotland this year, and over £3 billion in the comprehensive spending review—between now and 2014.

In contrast, the UK Government can spread the repayment of cyclical borrowing over a significantly longer period to ensure that it does not adversely impact on the resources available for public services. That is important, because it is accepted in all parts of the House that in times of recession or downturn, tax revenue falls and borrowing goes up—that is an automatic stabiliser—but the same implicit provision has not been made in the Bill. That is a flaw that I know is now recognised by people in many parties.

The inadequacy of the borrowing powers for this purpose was highlighted in the written evidence to the Scottish Affairs Committee from Professor Andrew Hughes Hallett and Professor Drew Scott. They said:

"Over the decade before the current recession, 1997-2007, the UK governments track record for income tax receipts is one of forecast errors that range between +7% to -4%, with an average of +1.1%"

a year. They continued:

"Since borrowing will follow from overestimates"—

the real amount will be less than the forecast—

"this means the Scottish Government will need to cut spending or borrow every year on average and should expect to exhaust its borrowing limit several times in a decade."

To have such a flaw built into a Bill from the outset is profoundly unhelpful to the efforts of the Scottish Government to protect public services and grow the economy. The proposals also lack any ability to smooth the effects of cyclical downturns.

Unlike the UK Government, the Scottish Government will have no opportunity to use borrowing to compensate for a forecast decline in income tax revenues in the event of, for example, an anticipated slowdown in the global economy. Scotland would have no option but to cut spending to match the reduction in revenue at precisely the time when we might want to invoke an economic stimulus—a policy of the previous Government that we supported. However, it would be impossible to do that, because cuts would be required to match a forecast fall in revenue.

The Bill misses the fundamental point about being able to respond effectively to the natural volatility of tax revenues in managing public expenditure. Paradoxically, the more accurate the Office for Budget Responsibility is at forecasting falls in future revenue, the greater the volatility in the budget, because borrowing is permitted not against a forecast fall but only against a discrepancy between the forecast and the actual level. That is a huge problem with the borrowing powers at the heart of the Bill. If the Exchequer Secretary or his Scotland Office colleague wants to indicate that they intend to table the necessary amendments on Report or later to rectify that, I would be happy for them to intervene at any point.

8.45 pm

The need for appropriate borrowing powers for that purpose was identified by Professor Michael Keating, who said:

"Borrowing powers are needed for three purposes: to deal with short-term shortfalls, which the present proposals provide for; to deal with cyclical downturns; and for capital investment. There should be more scope for borrowing to deal with cyclical downturns."

That point was also highlighted in the written evidence provided by Professors Hughes Hallett and Scott, who said:

"The current recession, for example, would according to calculations on the Scotland Office website have cut the Scottish budget by £748 million and £559 million in 2008 and 2009 respectively, sums that are beyond the entire borrowing ceiling—let alone the annual limit of £200 million. But no borrowing would be allowed in such cases anyway. Or, to put the point another way, given that there is a cycle and that adverse shocks do occur, the more accurate the tax forecasts the more volatile will Scottish revenues become and the more the Scottish government will be obliged to cut spending and social support in a downturn"—

precisely the wrong time for cuts to have to be made.

"This is why we say the Bill's borrowing provisions offer only limited protection against forecast errors and none at all against unexpected economic shocks."

Clause 32 amends section 66 of the Scotland Act, which deals with the borrowing powers of Scottish Ministers. Proposed new section 66(1)(c) of the 1998 Act specifies that revenue borrowing will be permitted when tax receipts fall short of the forecast, but contains no provision to permit it to deal with cyclical fluctuations in tax receipts, regardless of whether they are accurately forecast. That obvious gap in the Bill must be addressed. On Second Reading I raised the issue of revenue borrowing powers being further constrained because the first 0.5% of any shortfall—about £127 million forecast in 2014-15, say—would have to be found from cuts before any revenue borrowing could even take place if there was a forecast error. Again, cutting at that point, when budgets would already be pressurised because of the cuts from the comprehensive spending review, would be the wrong thing to do.

I was pleased with a number of the recommendations made by the Scottish Parliament Committee, which said among other things that

"the Scottish budget should not be required to meet the cost if tax receipts fall below forecast levels. The Committee recommends that this condition be removed from the Bill."

The Committee also recommended that

"the short-term annual borrowing limit should be increased from £500 million to around £1 billion,"

and welcomed

"the idea of a Scottish Cash Reserve, but proposes going further to ensure that this includes all Scottish End Year Flexibility saved in Scotland without the need for Treasury agreement, so in future Scottish ministers"—

of whatever party or Government—

"will have total discretion over the Scottish budget."

That should be universally welcomed. I welcome those recommendations, and I hope that the Government will table amendments to reflect them. However, it would be so much better to ensure a code within which revenue borrowing—including repayment time scales and so on—could be organised. That is the fundamental purpose of the amendment, along with ensuring that borrowing for current revenue purposes is sufficiently flexible to cope with fluctuations in revenue over a whole economic cycle.

The Bill as drafted has a number of weaknesses when it comes to capital borrowing. Our key concerns, and those of the Scottish Government, relate to the timing of the introduction of the repayment terms, the limits set by the Bill and the limitations on sources of borrowing, which the Scottish Parliament Committee recognised and made a positive recommendation about.

The Command Paper that accompanies the Bill, "Strengthening Scotland's Future", sets out in limited detail how the proposals are intended to work. Borrowing is to be available for specific projects, subject to Treasury consent, from 2013, and we discussed that on Second Reading. From 2015, a capital borrowing of 10% of Scotland's capital departmental expenditure limit, around £230 million a year, up to a cumulative total of £2.2 billion, will be available. To put that into context, the Scottish Government could use up the entire cumulative limit by, for example, paying for the Forth bridge replacement crossing. If my memory serves me correctly, that cumulative amount of about £2.2 billion is less in capital terms than the Scottish Government have been spending in any of the past few years.

Jim McGovern: Most hon. Members will know that the hon. Gentleman is my constituency neighbour. He mentioned "Strengthening Scotland's Future". Does he actually believe that separating Scotland from the UK would strengthen Scotland's future?

Stewart Hosie: I certainly think that improving the provisions of the Bill that relate to capital borrowing would strengthen the Scottish Government's ability to do the right thing, whoever was in power. If we want to have a debate about the relative merits of independence versus the Union, I am happy to do that—[HON. MEMBERS: "When?"] Not today, because we are dealing with the Bill.

Mr Frank Roy: Does that mean that there will be a referendum in Scotland? Yes or no?

Stewart Hosie: I think it was Wendy Alexander who said, "Bring it on," but Labour then ran away. Let us deal with the provisions of the Bill, because we need to get them right. I suggest to the hon. Gentleman, whom I like and respect, that we will have plenty of time in the next 52 days leading up to the Scottish elections to have this discussion, but we should not take up the Committee's time tonight.

The Scottish Government, and the SNP here at Westminster, do not consider an arbitrary statutory limit on borrowing set by Westminster and lacking any objective justification to be an acceptable basis for an agreement between the Governments. In particular, an arbitrary limit this low will do little to promote long-term capital investment or responsible capital budgeting. A regime along the lines of the prudential borrowing regime that applies to local authorities, in which decisions are based on affordability, would be far more appropriate. Such an approach could be operated within the guidelines suggested in our amendment. Such guidelines would be agreed between the Scottish and UK Governments, including any terms, conditions and limits set out in the code in relation to capital borrowing between the Treasury and the Scottish Government.

Fiona O'Donnell: I was present when Fiona Hyslop gave evidence to the Scottish Affairs Committee, and I am aware that the SNP's position is to promote unlimited borrowing. Will the hon. Gentleman at least concede that the UK Government do have some interest in this matter, given that any amount that a future Scottish Government might choose to borrow under his proposal would have an impact on the deficit here and on the country as a whole?

Stewart Hosie: I recognise that, which is why the proposal is about affordability, and why the code of practice would have to be based on established principles to promote long-term sustainability. Of course, within that, there understandably has to be a recognition of the debt and the deficit position. I was critical of the rise in the deficit, and in the debt, in Budgets from 2005 onwards, before the recession and before the banking crisis, so of course sustainability and affordability have to be considered within this proposal and dealt with in some detail.

Fiona O'Donnell: The hon. Gentleman is really confusing me. He seems to be trying to have his Dundee cake and eat it. He said that, in times of difficulty, the last thing we should do is cut expenditure. Is he saying that it was wrong of the previous Government to spend money bailing out the banks when we faced the crisis?

Stewart Hosie: No, I said that I welcomed the fiscal stimulus to the economy. Many of the efforts on financial intervention were absolutely necessary, and I supported them. Of course that had to be done. My criticism was not that action was taken during difficult periods, but that we went into the recession and the downturn with half a trillion pounds of debt. I am digressing, however—

Mr Davidson *rose—*

Stewart Hosie: I am not giving way immediately, as I want to carry on developing my case on capital borrowing.

Any code has to take into consideration all the issues and be based on an established set of principles for long-term sustainability. That is incredibly important. The Bill, however, currently limits borrowing to loans, which prevents the use of bonds and other instruments. That is significantly more restrictive than the borrowing powers available to Scottish local authorities and to many Governments in other countries with comparable responsibility.

Mr Davidson: I want to clarify whether the hon. Gentleman has a specific figure in mind for borrowing. I understand his point about the criteria, but it would be immensely helpful if he gave us an indication, first, of the figure and, secondly, of whether the bonds and other means of borrowing money would be in addition to that amount or part of the total.

Stewart Hosie: I do not have a specific figure, and let me tell the hon. Gentleman why. If bonds are issued in such a way as to generate revenue, that revenue can be used in one sense to offset the level of the loans. That is why I am not being prescriptive about the amount. What I am saying is that the cumulative £2.2 billion is too low for the reasons that I have explained and that the code of practice would allow us to take into consideration all the sustainability and affordability issues and reach a figure that would be much more appropriate. I am not going to be prescriptive; it would be wrong for me to do that.

Mr Davidson *rose—*

Stewart Hosie: I will give way one more time on this point.

Mr Davidson: If the hon. Gentleman cannot give a figure, how can he say that £2.2 billion is too small? How does he arrive at that judgment when he is unable to use the same reasoning to identify what the figure might be?

Stewart Hosie: There are annual amounts and cumulative amounts. The annual amount at 10% of the capital departmental expenditure limit is very modest and the cumulative amount is less than the amount spent on capital in recent years. That strikes me as inappropriate when we are seeking to stimulate the economy and do all the things that the hon. Gentleman and I both want to see happen. As we can have revenue streams coming in to offset some of this, I do not want to put a limit on it, but the code of practice would do that. *[Interruption.]* I am not going to be drawn on that. I have explained why and I want to move on to bonds, which is another important issue.

Professor Gerald Holtham said in his evidence to the Committee that there is no macro-economic rationale to prevent the Scottish Government from having bond-issuing powers. I raised that on Second Reading, when I said:

"The borrowing powers in the Bill will limit the Scottish Government to certain types of borrowing. They will be able to use loans, rather than bonds or other instruments that would provide greater flexibility. Transport for London, which is a local authority in respect of its borrowing powers, is currently issuing

commercial paper worth £7 billion for Crossrail and other projects. Birmingham city council issued paper to the tune of £250 million in 2006".—[*Official Report*, 27 January 2011; Vol. 522, c. 541.]

As I said at the time, it is strange that what should be a seriously enhanced power for the Scottish Parliament, as described in the Bill, does not even put it on a par with TfL or Birmingham city council in its ability to raise cash through commercial paper for important national infrastructure works.

Professor Iain McLean and others have noted that bond issues would have several benefits. First, they would provide the Scottish Government with greater flexibility in the financing of capital projects, and the ability to issue a range of instruments would allow projects to be financed by a mixed portfolio of borrowing both in terms of repayment periods and the interest and other terms of the borrowing instrument. Secondly, in certain circumstances, issuing instruments in the market may offer a better deal on rates and repayment terms than a loan from the Treasury or a commercial bank. Indeed, the Treasury recently announced in the spending review a 1% rise in the charge or cost on loans from the Public Works Loan Board, increasing the cost of local authority borrowing. Having an option to seek financing from the market would provide an alternative in the event of a punitive interest rate being imposed at some future point by the Treasury. Professor McLean said in his evidence that

"it should be for the Scottish Parliament and Scottish ministers—not the UK Parliament or UK ministers—to decide on the soundness of the capital projects to which they commit themselves, and to deal with revenue fluctuations."

That is the answer to the point raised by the hon. Member for Congleton (Fiona Bruce). If we are serious about responsibility—I hope that we all are—the Scottish Government must be allowed to make the decisions. Those decisions should land squarely on the desks of Scottish Ministers, or those in whatever other body is responsible for raising capital.

9 pm

I am pleased that the Scottish Parliament Committee has recommended that there should be higher capital borrowing limits and that they should be introduced earlier, that the limit for prudential borrowing should be increased from £2.2 billion to about £5 billion—the fact that the Committee considers that figure reasonable is a good starting point for negotiations in terms of the code of practice—that Scottish Ministers should have complete discretion in relation to what the money is spent on without having to seek agreement from the Treasury, and that the borrowing powers should be introduced earlier in the next Scottish Parliament. I also welcome the recommendation that the Scottish Parliament should have power to borrow directly from the markets by issuing bonds.

Given the considerable support for these proposals and the deep concern throughout the Committee about some of the Bill's provisions, I should like to know whether the Government intend to table the necessary amendments for debate on Report on 22 March, or to table them in another place after that point. The Scottish people are entitled to know about the shape of revenue and capital borrowing, and Members representing constituencies in Scotland—and, indeed, elsewhere—are entitled to be able to scrutinise properly whatever proposals may be presented. I hope that the Minister will be able to give us definite information about when amendments will be tabled, and whether they will accord with the recommendations of the Scottish Committee.

Ann McKechin: I welcome the clauses relating to borrowing powers. We agree that they make sense in terms of both short-term revenue and capital.

In paragraph 597 of its report, the Holyrood Committee accepted that

"Given its responsibility for macroeconomic management",

the United Kingdom Government

"has a proper interest in the flow of borrowing".

We agree with that. However, there is a worthwhile discussion in the report about evidence from the Government and other experts relating to the overall level of borrowing, both short-term and on the capital account, and we think that the Government should consider the Committee's arguments. It did not identify an alternative figure, but made some suggestions that we think worthy of consideration. I ask the Government to confirm that they will examine the report in detail, and will take the earliest opportunity to present their assessment to the House of Commons or the House of Lords. I note that the Scottish Government will be able to borrow from commercial lenders as well as from the National Loans Fund, and I welcome that as well.

The hon. Member for Dundee East (Stewart Hosie) should be careful. I assume that his are primarily probing amendments, and I think it right to test some of the issues discussed in the Holyrood Committee, but as well as looking for the benefits, he must accept the responsibilities of the Scottish Government for overall public sector borrowing limits. Although we may disagree with the Government on what those limits should be and on the scale of the deficit reduction, we accept that as an important criterion in the debate.

Stewart Hosie: I am sure that the hon. Lady will want to be generous and accept that I made it clear on two occasions that affordability and sustainability must be taken into consideration. No one wants to do anything silly with the public finances.

Ann McKechin: That marks a first. I cannot recall the Scottish Government asking for less money. I seem to remember that when Labour was in government, they kept asking for more money and saying that they did not have enough.

The hon. Gentleman made a comment about the deficit. Before 2007 it was about 2%, which was perfectly manageable within the fiscal settlement. The increase in the deficit was primarily caused by the banking crisis, which was an international crisis as the hon. Gentleman accepts, and by the fact that we stimulated the economy, which he also accepts, although he said we should have stimulated it even more. He cannot have his Dundee cake and eat it, however. He either accepts one interpretation of what happened, or he accepts the interpretation of the coalition Government, which we believe to be false.

The hon. Gentleman raised a number of queries about the Holyrood Committee recommendations, particularly in respect of the requirement that the first £120 million of any tax shortfall must be met by spending reductions in the year in question. It would be helpful if the Minister could explain the rationale for imposing

[Ann McKechin]

that. I think that measure is in the Command Paper—it is not in the Bill itself, of course. This issue is of particular concern in the light of the Government's decision to abolish the end-of-year flexibility scheme at very short notice this year, which will cost the Scottish budget an estimated £23 million.

When the Minister gave evidence to the LCM Committee, he drew a distinction in respect of end-of-year finance arrangements, but at no point did he intimate that the Government or Chief Secretary to the Treasury had decided that they would be gobbling up the £23 million as part of the deficit reduction plan. That raises concerns about the nature of the relationship between the UK Government and the Scottish Government in the so-called respect agenda. Will the Minister confirm at what point this issue was raised with the Joint Ministerial Committee and the Scottish Government? Why was no mention made of this when he and the Chief Secretary were giving evidence to the LCM Committee? Again, this is about trust and the maintaining of good governmental relationships. As I have mentioned before, it is key that that is maintained to the highest degree in these clauses.

There have been issues to do with the Government's criterion of setting a limit of £2.2 billion for capital expenditure. There are some very good suggestions in the Committee's report about increasing borrowing capacity, which we think are worthy of consideration.

Finally, as the Minister will be aware, my colleagues in the Scottish Parliament have called for the borrowing powers to be brought forward from the proposed implementation date of April 2013 to April 2012. Given that we anticipate that this legislation will be on the statute book by the end of this year and before the next financial year, I can see no good reason why the power cannot be advanced to April 2012, which, as the Minister will be aware, is within the current comprehensive spending review period. That would assist the Scottish Government —of whatever political hue—in making appropriate planning decisions after the election. If the Minister could give an early indication that the Government are minded to bring forward the introduction of this power to 2012, that would be widely welcomed. I therefore hope he can give the Committee one positive piece of news tonight.

Mr Gauke: I propose to deal with amendments 51 to 57 first, and I recognise that, as has been said, they partly overlap with the report from the Scotland Bill Committee in the Scottish Parliament. As my right hon. Friend the Secretary of State for Scotland set out last week, the UK Government will consider the recommendations in the Committee's report thoroughly, alongside an assessment of the impact on the UK fiscal position.

The purpose of amendment 51 is twofold. First, it would remove the requirement for Scottish Ministers to access revenue borrowing to meet current expenditure only in accordance with rules determined by the Treasury. Secondly, it would allow such borrowing to be accessed due to a shortfall in outturn receipts against forecast receipts from devolved taxes and the Scottish rate of income tax. I will deal with each of those in turn.

On the need for borrowing by Scottish Ministers to comply with rules determined by the Treasury, I note that the report from the Scotland Bill Committee in the Scottish Parliament—where the Scottish Government voted with the motion—recognised the need for the UK Government to constrain the borrowing powers. I am delighted that there appears to be a consensus in the Committee that nobody wants to do anything silly with the public finances, as one could have been forgiven for thinking that that has not been the case over recent years.

There are important reasons for Scottish Ministers to comply with Treasury rules on borrowing. The Bill's new borrowing powers will sit within the UK fiscal framework as a whole; interest on Scottish borrowing will be included in the total UK public sector borrowing aggregates. As overall macro-economic policy will continue to be a reserved matter, it is necessary for the UK Government to set controls and limits on the borrowing powers in order to retain overall control of UK borrowing, protect overall economic stability and minimise fiscal risks to the UK Exchequer. This Government believe that the specific terms and conditions set out in the Bill and the Command Paper strike the right balance between protecting overall levels of UK debt and increasing the financial accountability of the Scottish Parliament.

On the second point, I wish to thank hon. Members for bringing an important discrepancy to the attention of the Committee. Although the Command Paper was clear that revenue borrowing would be used to meet current expenditure because of a shortfall in receipts compared with forecast in devolved taxes and the Scottish rate of income tax, the Bill was not so clear. The Government will therefore introduce their own minor and technical amendment on Report to include the Scottish rate of income tax alongside devolved taxes. In conclusion, given the continued control by the Government over the UK fiscal mandate and the fact the Government will be introducing their own amendment in respect of the second issue, I ask the hon. Member for Dundee East (Stewart Hosie) to withdraw the amendment.

Stewart Hosie: The Exchequer Secretary has said that the Government will be bringing the Scottish rate of income tax into the consideration, and I presume that that is still to allow borrowing when the actual figure there is less than the forecast. But that does not address the fundamental issue that if there is a forecast fall, the Scottish Parliament will take the entire hit, because there is still no cyclical borrowing—borrowing where a forecast fall actually happens.

Mr Gauke: The point of the amendments that will be introduced on Report is to do exactly as I have described. May I make a point about the cyclical impact and the adequacy of current borrowing? In the past downturn, income tax receipts fell by about 6% or 7%, so we are looking at a variation of 6% or 7% of the £4.5 billion estimated Scottish income tax receipts. That is about 1% of the Scottish budget, because it needs to be seen against the continuing bedrock of stability afforded by the block grant. I make that point so that we can place this issue in context.

Amendments 53 and 66 would have the effect of removing the borrowing limits. They do not replace the limit with an alternative figure, as has been made clear

following a number of interventions from hon. Members, so I have assumed that the intention is for these limits to be determined by a new "code of practice", as set out by the hon. Member for Dundee East and put forward in amendments 52 and 55. There are important reasons why the Bill contains limits, which I have already set out and which include the fact that Scottish borrowing would have an impact on the UK borrowing figures. It is surely right that the limit should be determined by the House, first through its consideration of the Bill and subsequently through approval of any order altering the limit. UK Government analysis continues to suggest that the limits in the Bill for revenue borrowing, together with the Scottish budget absorbing the first 0.5% of the deviation between forecast and outturn receipts, are sufficient in normal conditions.

9.15 pm

Crucially, the Bill allows borrowing to increase above £500 million but not below, so it is a base. Any such changes would require the approval of the House, but the Government are prepared to look at the specific circumstances in future. There might well be circumstances in which greater flexibility would be appropriate. The capital borrowing limits have been set at £2.2 billion and the Government believe that that represents an acceptable level of borrowing for the UK finances. That figure is based on a 10% annual capital departmental expenditure limit of Scotland's capital budget—equivalent to £230 million in 2014-15—over a 10-year repayment period. Again, the Bill provides for the limit to be increased above, but not reduced below, £2.2 billion. Any such changes would require the approval of the House.

Amendments 55 and 52 would introduce a new code of practice between the Treasury and Scottish Ministers governing capital borrowing and placing it on a statutory footing. The full code has not been set out but it might include provisions on how Scottish Ministers should determine and review what they can afford to borrow and the terms and conditions on which sums can be borrowed, including borrowing limits. For reasons I have set out, it is right that borrowing limits and the terms and conditions around borrowing should be determined by the House—first through its consideration of the Bill and subsequently through its approval of any order altering the limit.

Amendment 54 would remove both the role of the Treasury in approving capital borrowing and the restriction that such borrowing must be by way of a loan. Let me be clear about the scope of Treasury approval in capital borrowing by Scottish Ministers. If Scottish Ministers wanted to borrow before their full power came into effect, that would impact on the UK's borrowing requirement as set out by the Chancellor in the spending review. The Command Paper therefore sets out a pragmatic way to manage the risks from maximising opportunities for stimulating economic growth in Scotland while retaining control of the overall UK fiscal mandate. Scottish Ministers will need to seek the consent of the Treasury to borrow early, between 2013 and 2015, in a way that does not impact on the fiscal position or alter the plans set out in the 2010 spending review—for example, to make prepayments to fund the construction of the Forth bridge.

The rationale for restricting Scottish Ministers' borrowing for capital expenditure by way of loans is simple. Scottish borrowing through bonds would be classified as UK borrowing and, as borrowing through bonds is likely to be more expensive than raising finance through UK gilts, those higher costs would be reflected in increased UK debt interest payments, which would ultimately result in higher costs for the UK. In these uncertain times we cannot afford the risk of extending the power to issue bonds. The hon. Member for Dundee East quoted Professor Holtham, but, because of the likely greater cost of bonds, the professor also made the point that the issuing of bonds by the Scottish Government would essentially be a vanity project. These matters need to be considered in that context.

Fiona O'Donnell: Why did the Conservative members of the Bill Committee in the Scottish Parliament vote for the measures?

Mr Gauke: We will, of course, look at what the Scottish Parliament has set out and we will engage with those suggestions on alternative ways of proceeding. None the less, given the difficulties that would arise if bonds were issued, particularly in the circumstances we face—there is a crisis in the public finances and it is essential that we meet our fiscal mandate and stick to our spending and deficit reduction plans—we need to take into account the uncertainty and additional cost that could be created at this point. However, there is a general point to be made about borrowing limits. Circumstances will change and the opportunity for greater flexibility in future is something we are willing to look at, but we believe we have the balance right at the moment.

Mr Davidson: Am I correct in assuming that the Minister is pretty strongly wedded to the set of proposals that he has introduced at this time, but that he and the Government are not necessarily wedded to them for all time? If devolution continues to evolve, that may well result in the relaxation of those rules, a review and a beneficial alteration of the figures.

Mr Gauke: The hon. Gentleman sets the position out well, and I do not disagree with him. The Bill essentially sets out a base for current and capital borrowing. It can be increased, and there is a mechanism in the Bill to do so. We would need to look at the circumstances in future to see whether we could increase flexibility in that area. We have to bear in mind the state of the public finances and the importance of maintaining credibility.

Ann McKechin: I asked a question about the transitional borrowing powers that require Treasury consent, and whether the Treasury would be minded to bring them forward to 2012. The Minister has given conditions, which we accept would have to apply in the transitional period, but nevertheless that flexibility would be welcomed by everyone.

Mr Gauke: I note the hon. Lady's comments. We are looking carefully at the recommendations by the Committee in the Scottish Parliament. We note her representations, and we will respond in due course. I wish to underline the fact that it is of absolute importance that we manage to maintain credibility, which is perhaps why there is less flexibility now than there may be in future. The

[Mr Gauke]

hon. Member for Glasgow South West (Mr Davidson) suggested that there might be greater flexibility in future, but we would need to assess that nearer the time. However, I note the hon. Lady's remarks on the transitional period for borrowing.

Amendment 57 is consequential on amendment 56. As hon. Members wish to remove the borrowing limits from the Bill and the ability to revise those limits with the approval of the House, clause 32 (10) would no longer by necessary as there would be no such secondary legislation. The hon. Member for Glasgow North (Ann McKechin) raised the issue of end-of-year funds across all the devolved Administrations and Departments amounting to some £20 billion. Such large sums of accrued EYF present a fiscal risk to the UK Government, which is why new arrangements will be detailed in the forthcoming Budget. I hope that that clarification is helpful.

I thank the hon. Members for the opportunity to set out the Government's position on the important borrowing powers provided by the Bill. This has been a helpful and perhaps probing debate—we shall see. However, we do not accept any of the amendments, so I invite the hon. Member for Dundee East to withdraw amendment 51. For the reasons that I have set out, I hope that hon. Members agree that that clause 32 should stand part of the Bill.

Stewart Hosie: The Minister has said a great deal, and it was very instructive indeed. The Scottish Government will still be required to absorb the 0.5% cut in the budget before revenue borrowing can take place. On current forecasts, there would perhaps be £127 million in extra cuts even before we could borrow. There has been no confirmation that cyclical borrowing is permitted—it will still only be against changes to the forecast, which means that if there is a forecast fall we take the full hit. That cannot be right if the Office for Budget Responsibility is accurate and there is increased volatility in the Scottish budget. Repayments on the revenue will still be made over four years, which might well mean that if we borrowed at the height of the recession we would now be paying back, because it is such a short-term repayment schedule, even though there is already additional pressure on the Scottish budget.

The Minister said that capital borrowing of £2.2 billion on a 10% annual CDEL was exceptional, but the Scottish Government and the Scottish Parliament Committee did not think so. He is flatly ignoring the recommendations that have been made. He was anxious that the requirement for the Treasury to approve borrowing should be removed. I ask, what price the respect agenda? Incredibly, he offered no support for bonds, even though it was an explicit Committee recommendation that the

"Scottish Parliament should have the power to borrow directly from the markets by issuing bonds."

The hon. Member for East Lothian (Fiona O'Donnell) sensibly asked what the Tory members of the Scottish Parliament Committee would make of that. One might ask what the Liberal members of the Scottish Parliament Committee make of that. I might ask what all the Unionist members of that Committee would make of that, given that they thought they had a deal and that the recommendations would see the light of day in one form or another in amendments in Committee, on Report or in another place. We will be watching extremely carefully to see whether the Government backtrack now on what appeared to be promises, abandoning all the recommendations of the Scottish Committee, which would be a shameful thing to do. I beg to ask leave to withdraw the amendment, but given how little comfort we have had, I intend to divide the Committee on amendment 52.

Amendment 51, by leave, withdrawn.

Amendment proposed: 52, page 24, line 22, at end insert—

'(1ZA) In borrowing sums under subsection (1), the Scottish Ministers must have regard to any code of practice agreed by them and the Treasury.

(1ZB) A code of practice agreed under subsection (1ZA) may include provision as to—

(a) how the Scottish Ministers are to determine and keep under review how much they can afford to borrow,

(b) the terms and conditions on which sums may be borrowed,

(c) limits on the aggregate at any time outstanding in respect of the principal of sums borrowed.'.—*(Stewart Hosie.)*

Question put, That the amendment be made:

The Committee divided: Ayes 7, Noes 393.

Division No. 224] **[9.26 pm**

AYES

Edwards, Jonathan	Weir, Mr Mike
Hosie, Stewart	Williams, Hywel
Lucas, Caroline	**Tellers for the Ayes:**
MacNeil, Mr Angus Brendan	**Pete Wishart and**
Robertson, Angus	**Dr Eilidh Whiteford**

NOES

Abrahams, Debbie	Birtwistle, Gordon
Adams, Nigel	Blackman, Bob
Afriyie, Adam	Blackman-Woods, Roberta
Aldous, Peter	Blackwood, Nicola
Anderson, Mr David	Blomfield, Paul
Andrew, Stuart	Blunt, Mr Crispin
Arbuthnot, rh Mr James	Boles, Nick
Bacon, Mr Richard	Bone, Mr Peter
Bagshawe, Ms Louise	Bradley, Karen
Bailey, Mr Adrian	Brady, Mr Graham
Bain, Mr William	Brake, Tom
Baker, Norman	Bray, Angie
Baker, Steve	Brazier, Mr Julian
Baldry, Tony	Brennan, Kevin
Baldwin, Harriett	Bridgen, Andrew
Balls, rh Ed	Brine, Mr Steve
Banks, Gordon	Brooke, Annette
Barclay, Stephen	Bruce, Fiona
Barker, Gregory	Bryant, Chris
Baron, Mr John	Buckland, Mr Robert
Barwell, Gavin	Burns, Conor
Bebb, Guto	Burns, rh Mr Simon
Begg, Dame Anne	Burrowes, Mr David
Beith, rh Sir Alan	Burstow, Paul
Bellingham, Mr Henry	Burt, Alistair
Benn, rh Hilary	Burt, Lorely
Benyon, Richard	Byles, Dan
Beresford, Sir Paul	Campbell, Mr Alan
Berry, Jake	Carmichael, rh Mr Alistair
Betts, Mr Clive	Carmichael, Neil
Bingham, Andrew	Carswell, Mr Douglas
Binley, Mr Brian	Cash, Mr William

Chishti, Rehman
Clark, rh Greg
Coaker, Vernon
Coffey, Dr Thérèse
Cooper, Rosie
Cox, Mr Geoffrey
Crabb, Stephen
Creagh, Mary
Creasy, Stella
Crockart, Mike
Crouch, Tracey
Cryer, John
Cunningham, Alex
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Davey, Mr Edward
David, Mr Wayne
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Geraint
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle, Gemma
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Fitzpatrick, Jim
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilmore, Sheila
Glen, John
Glindon, Mrs Mary
Goggins, rh Paul
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greening, Justine
Greenwood, Lilian
Griffith, Nia
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hammond, Stephen
Hancock, Matthew
Hanson, rh Mr David
Harper, Mr Mark
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Hemming, John
Henderson, Gordon
Hendrick, Mark
Hepburn, Mr Stephen
Herbert, rh Nick
Heyes, David
Hilling, Julie
Hinds, Damian
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kelvin
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunt, Tristram
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
James, Mrs Siân C.
Jarvis, Dan
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Kevan
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Lavery, Ian
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Mr Ivan
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lopresti, Jack
Loughton, Tim
Lucas, Ian
Luff, Peter
Lumley, Karen
Macleod, Mary
Mactaggart, Fiona
May, rh Mrs Theresa
Maynard, Paul
McCabe, Steve
McCarthy, Kerry
McCartney, Jason
McCartney, Karl
McClymont, Gregg
McCrea, Dr William
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McIntosh, Miss Anne
McKechin, Ann
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Meale, Mr Alan
Menzies, Mark
Metcalfe, Stephen
Michael, rh Alun
Miller, Andrew
Miller, Maria
Mills, Nigel
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Donnell, Fiona
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Owen, Albert
Paice, rh Mr James
Patel, Priti
Pawsey, Mark
Pearce, Teresa
Penning, Mike
Penrose, John
Percy, Andrew
Perkins, Toby
Phillips, Stephen
Pickles, rh Mr Eric
Poulter, Dr Daniel
Pound, Stephen
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Reynolds, Jonathan
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Sheridan, Jim
Shuker, Gavin
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Skinner, Mr Dennis
Smith, Angela
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spellar, rh Mr John
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo

Syms, Mr Robert
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Turner, Mr Andrew
Twigg, Stephen
Umunna, Mr Chuka
Uppal, Paul
Vara, Mr Shailesh
Vaz, rh Keith
Vickers, Martin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Watts, Mr Dave
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whitehead, Dr Alan
Whittaker, Craig
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williamson, Chris
Williamson, Gavin
Willott, Jenny
Wilson, Phil
Wilson, Mr Rob
Winterton, rh Ms Rosie
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Mr Iain
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Bill Wiggin and James Duddridge

Question accordingly negatived.

Mr Davidson: On a point of order, Mr Hoyle. According to the votes, eight nationalists have been voting on all these things, and now they are down to seven. Has somebody been kidnapped? *[Laughter.]*

The Chairman of Ways and Means (Mr Lindsay Hoyle): Now, then.

Clause 32 ordered to stand part of the Bill.

Clause 33

MAXIMUM PENALTIES WHICH MAY BE SPECIFIED IN SUBORDINATE LEGISLATION

The Parliamentary Under-Secretary of State for Scotland (David Mundell): I beg to move amendment 31, page 25, line 31, leave out 'the amount specified as'.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to discuss Government amendment 32.

David Mundell: The Government have identified the need for these minor technical amendments to clause 33, which updates the maximum penalties that can be applied to criminal offences created in subordinate legislation made under the Scotland Act 1998. The amendments are sensible additions that will ensure consistency across the different legal systems within the UK. The first amendment is a minor technical amendment to ensure consistency in the terminology used to refer to fine limits for different jurisdictions, which are provided for in the amendments to section 113 of the Scotland Act made by clause 33.

The second amendment ensures that the correct terminology is used in relation to fine limits in section 113 for either-way offences created in relation to the law of England and Wales and Northern Ireland, with the statutory maximum rather than level 5 on the standard scale on summary conviction. Level 5 has meaning only in relation to summary-only offences by virtue of the definition in the Interpretation Act 1978. Clause 33, as introduced, makes this terminology change in relation to fine limits for Scots law offences, and the amendment makes the same change for offences that form part of the law of England and Wales and Northern Ireland.

The amendments will ensure consistency in the terminology used to describe the fine limits for offences created in the Scotland Act orders for each of the legal jurisdictions in the UK.

Amendment 31 agreed to.

Amendment made: 32, page 26, line 2, leave out from second 'exceeding' to end of line 3 and insert—

(i) in the case of a summary offence, level 5 on the standard scale,

(ii) in the case of an offence triable either way, the statutory maximum,'.—*(David Mundell.)*

Clause 33, as amended, ordered to stand part of the Bill.

Clauses 34 to 37 ordered to stand part of the Bill.

Clause 38

COMMENCEMENT

Amendments made: 65, page 28, line 5, leave out 'made by statutory instrument'.

Amendment 66, page 28, line 9, leave out 'made by statutory instrument'.—*(David Mundell.)*

Clause 38, as amended, ordered to stand part of the Bill.

Clause 39 ordered to stand part of the Bill.

New Clause 18

ORDERS

'Any power to make an order conferred by this Act is exercisable by statutory instrument.'.—*(David Mundell.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

ABOLITION OF REGIONAL MEMBERS OF SCOTTISH PARLIAMENT

'(1) The Scotland Act 1998 is amended as follows.

(2) In section 1—

(a) in subsection (2) "Two members" is substituted for "One member"; and at the end there is inserted "save for those identified in paragraph 1(a) to (c) of Schedule 1, each of which shall return one member,";

(b) subsection (3) is omitted.

(3) In section 5, subsections (1) and (3) to (9) are omitted.

(4) Sections 6, 7, 8 and 10 are omitted.

(5) In section 11, subsection (2) is substituted by—

"(2) A person is not entitled to vote as an elector in more than one constituency at a general election, and may cast no more than two votes at a poll for the return of constituency members.".

(6) In section 12—

(a) in subsection (2), paragraphs (e) and (f) are omitted;

(b) subsection (3) is omitted;

(c) after subsection (4) the following subsection is inserted—

"(4A) The provision to be made under subsection (1) must include provision for—

(a) each elector to cast one or two votes of equal value, with no more than one vote to be given to any one candidate, in constituencies returning two members;

(b) the two candidates with the most valid votes to be elected in such constituencies.".

(7) In Schedule 1—

(a) for paragraph 1 there is substituted—

"(1) The constituencies are—

(a) the Orkney Islands,

(b) the Shetland Islands

(c) the Western Isles [Na h-Eileanan An Iar], and

(d) the parliamentary constituencies in Scotland at the time of an ordinary or extraordinary general election for the Scottish Parliament, except the constituencies of Orkney and Shetland and Na h-Eileanan An Iar";

(b) paragraphs 3 to 14 are omitted.'.—*(Mr Donohoe.)*

Brought up, and read the First time.

9.45 pm

Mr Donohoe: I beg to move, That the clause be read a Second time.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to discuss new clause 2 —*Regional members of the Scottish Parliament*—

'(1) The Scotland Act 1998 is amended as follows.

(2) In section 81, after subsection (2), there is inserted—

"(2A) No provision shall be made under subsection (2) for any allowances for representative work in any constituency or region by a regional member in a registered political party or a group of such regional members; and no allowances may be made for offices or staff or related expenses incurred by such members other than in connection with or at the Parliament's place of meeting or in connection with a committee meeting.

(2B) Any allowances paid to regional members in a registered political party shall be founded on the assumption that they are representatives of that party from the relevant region and not from any single constituency.".

(3) In Schedule 3, after paragraph 2 , there is inserted—

2A The standing orders shall include provision for withdrawing from a regional member in a registered political party any or all of his rights and privileges as a member, including any allowances, if he is found to have purported to act, or has held himself out, as a constituency member for any single constituency or for a group of constituencies other than the region from which he was elected."'.

Mr Donohoe: New clauses 1 and 2 relate to regional Members of the Scottish Parliament, who were introduced in an irksome move and have been with us for a long time—since the outset of the Scottish Parliament.

Mark Lazarowicz: My hon. Friend describes the provisions for a system of proportional representation as irksome. How many representations have been received by Government or anybody else that call for a change to the voting system for the Scottish Parliament, apart from those of my hon. Friend and a few of our colleagues?

Mr Donohoe: Since I have been in a position to see this matter at first hand, I have received many representations over the years from constituents who have concerns about the system, as I am sure has my hon. Friend. As a result of my tabling the new clauses, a number of individuals have written to me to tell me that I was spot on in making this argument. Therefore, there have been a number of representations. Not many people have come to me and argued for the continuation of the crazy system that is in being. I will expand on that point later in my speech.

Never in the history of politics has a political party given so much power to its opponents as in the Scotland Act 1998. Since then, all sorts of people have come on to the scene, cherry-picked within the constituencies and caused mayhem. That is why I have tabled the new clauses. Obviously, we must look at this whole question. We must go back to the first election to the Scottish Parliament in 1999. In my constituency, there was the crazy situation in which not only was the person who came second under first past the post elected to the Scottish Parliament through the pool for constituency Members, but the people who came third and the fourth. As my constituents tell me, something is fundamentally wrong when such a system is allowed to continue. That is the crux of my argument this evening.

Jim McGovern: I go round the doors every weekend, as I am sure does my hon. Friend and most Members here. Does he agree that most people on the doorstep are confused about how they vote for the list person? In politics, the people who know about it regard it as the assisted places system.

Mr Donohoe: My hon. Friend is absolutely right. I will develop that argument in my speech.

Pete Wishart: I am interested to know the view of the Labour party on this issue. The names of the hon. Gentleman and five of his hon. Friends are listed as supporters of the amendment. What is the view of those on the Labour Front Bench on Westminster controlling what happens with Members of the Scottish Parliament? What is the view of Labour Members of the Scottish Parliament on that?

Mr Donohoe: I am sure the hon. Gentleman knows that there are varying views on the subject, as there are on many subjects. As far as my constituents are concerned, however, there is no doubt: to a person, they support the argument that I am making tonight that there should be a fundamental change to how we elect our MSPs. There was immense resistance to the fact that the person who came fourth under first past the post was eventually elected to the Scottish Parliament. That seems to me to be wrong.

David Mundell: Will the hon. Gentleman give way?

Mr Donohoe: Oh, go on then.

David Mundell: The hon. Gentleman has been very consistent on this issue, and I respect his views even though I do not necessarily agree with him. However, I am confused about the Labour party position. For many years, those of us who were list MSPs heard the arguments that he is making about how the list was an assisted places scheme for people who failed to be directly elected under first past the post. Now I find that Labour party first-past-the-post candidates are on the

[David Mundell]

list, and some of them are even topping lists when there is a fear that they will lose in the first-past-the-post constituency. How does he feel about that?

Mr Donohoe: I had the greatest respect for Phil Gallie, the former MP for Ayr, who was also a list MSP. He hated every minute of his time in the Scottish Parliament, because he knew that as a list Member, he had absolutely no powers. I will develop that argument later in my speech, but even Tory MSPs were opposed to the concept of the list system.

Mrs Laing: I understand that the hon. Gentleman's argument is that the simple first-past-the-post system used in elections to Westminster produces a fairer result than other systems. Is he concerned that the introduction of the alternative vote for Westminster would undermine elections to this place, and therefore the legitimacy of this House of Commons?

Mr Donohoe: I am not sure that I want to wander down that road, because the hon. Lady is well aware that I am the joint chairman of the all-party group for the promotion of first past the post, and also the secretary of the relevant group in the Labour ranks. Indeed, last week I asked the Prime Minister a question about the matter and he agreed with me, which is a first. Members all know where I stand and where the campaign on first past the post is going.

Let us examine the situation as it stands. If I go to a health board meeting in Ayrshire, how many MSPs can turn up? Some 24 can turn up and be part of the debate. That is not a problem in itself, but some of those list Members represent areas outside Ayrshire. There is therefore immense conflict when decisions are taken about where health services for them and their constituents should be. I have seen that at first hand on at least a dozen occasions. As a consequence, I no longer go to those meetings. Instead, I sensibly insist on the health board meeting the MPs and constituency MSPs alone, instead of the nonsense of the cherry-picking that was and is going on among list Members north of the border.

Mark Lazarowicz: My hon. Friend clearly has strong views. I must say that in the area that I represent, where there are Conservative, Liberal Democrat, Green, Labour and independent list MSPs, I do not have the problems that he seems to encounter. Is not the real difficulty with his proposal that it would lead to an end to the proportional system for the Scottish Parliament? Is that not what it is really about? Would it not be undemocratic and wrong if Labour, the SNP or any other party got a majority of seats with 30% of the vote?

Mr Donohoe: I am sure my hon. Friend has examined my two new clauses, which are self-supporting. It is correct that in the first instance I want to bring back coterminous boundaries for all MSPs, so that there is a semblance of an organisation that can be supported by all parties in this place and elsewhere. However, the second point that I want drive home is as important as the first. I do not believe that list Members should be allowed, under any circumstances, to pick up the funds that are currently available to them to represent—or not represent—what they perceive to be their constituents.

That brings me neatly to list MSPs themselves. On a substantial number of occasions, the list Member has cherry-picked, to the detriment of the possibility of inward investment by companies of some size into my constituency—I take exception to that more than anything. On the basis of what they perceived to be environmental issues, they have come in and destroyed any possibility of a company coming into my constituency. That is wrong, and there must be accountability, but the list Member is not accountable to constituents as I am to mine. That must be fundamentally wrong. No hon. Member can tell me whether the list Members have any accountability within the structures of their political parties. That is the problem. There is no accountability whatever for list Members—*[Interruption.]* Does the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) want to intervene?

Mr MacNeil *indicated dissent.*

Mr Donohoe: I did not think he would. That demonstrates exactly what I am saying. There is no accountability, and no structure to allow it, for list Members. That is a major problem, and why I have tabled new clauses 1 and 2.

Jim McGovern: Does my hon. Friend agree that most people would recognise their MP, some would recognise their MSP, and some may even recognise their MEP, but very few would know who their list MSP is?

Mr Donohoe: The only one I could think anybody would recognise would be the ex-Member for Cumnock, Carrick and Doon Valley, George Foulkes. Whether that is because of his politics or because he was the chairman of Hearts I do not know.

Mr MacNeil: I am grateful that the hon. Gentleman mentions list MSPs. In the highlands, we know that Rob Gibson and David Thompson are the SNP list MSPs, but I have no idea whatever who the Labour MSPs are.

Mr Donohoe: The hon. Gentleman makes my point. Nobody actually knows their list Members. I could not name the ones in my constituency because there are 24 of them.

Pete Wishart: Does the hon. Gentleman know how many people in Scotland recognise Iain Gray? What would he make of these proceedings?

Mr Donohoe: Perhaps the hon. Gentleman's smile will be on the other side of his face come the end of May. There is absolutely no doubt that Iain Gray will become as well known as anyone in Scotland as a result of becoming First Minister after 3 May this year. That was a great intervention—I would be happy to take similar ones all night.

Mr MacNeil: I do not know who the highlands Labour list MSPs are, so could the hon. Gentleman inform us?

Mr Donohoe: I think one of them is David Stewart.

Mr MacNeil: Think?

Mr Donohoe: Am I right?

Mr MacNeil *indicated assent.*

Mr Donohoe: The hon. Gentleman indicates that I got that one right.

The fact is that we must look seriously at the current situation. This argument is what might be described as a slow burner, but I would like to develop it by moving on to the first-past-the-post system. I realise that I am running out of time, but I have a lot of support on both sides of the Committee, even if some hon. Members are hiding behind their mantle.

The fact is that there is only one solution to the problem that we face north of the border—to bring about first past the post for every MSP. As a result, I suggest, for all sorts of reasons, that the best solution is that instead of the list Members system, by which there are 129 MSPs, we simply have two MSPs per Westminster constituency, with the exception of the Western Isles and Orkney and Shetland. I would make that concession. I am sure that the hon. Member for Na h-Eileanan an Iar would be very happy with that indeed. As a result, we would have 119 Members.

Mr MacNeil: Will the hon. Gentleman tell us—

10 pm

Proceedings interrupted (Standing Order No. 9(3)).

The occupant of the Chair left the Chair.

The Deputy Speaker resumed the Chair.

Progress reported; Committee to sit again tomorrow.

Business without Debate

REGULATORY REFORM

Motion made, and Question put forthwith (Standing Order No. 18(1)(a)),

That the draft Legislative Reform (Civil Partnership) Order 2010, which was laid before this House on 25 October, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Data Protection

That the draft Data Protection (Subject Access Modification) (Social Work) (Amendment) Order 2011, which was laid before this House on 3 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Social Security

That the draft Social Security (Contributions) (Re-rating) Order 2011, which was laid before this House on 3 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft Social Security (Contributions) (Amendment No. 2) Regulations 2011, which were laid before this House on 3 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Taxes

That the draft International Tax Enforcement (Saint Lucia) Order 2011, which was laid before this House on 8 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft International Tax Enforcement (Saint Vincent and the Grenadines) Order 2011, which was laid before this House on 8 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft Double Taxation Relief and International Tax Enforcement (Montserrat) Order 2011, which was laid before this House on 8 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft International Mutual Administrative Assistance in Tax Matters Order 2011, which was laid before this House on 8 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft International Tax Enforcement (Antigua and Barbuda) Order 2011, which was laid before this House on 8 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft International Tax Enforcement (Saint Christopher (Saint Kitts) and Nevis) Order 2011, which was laid before this House on 8 February, be approved.—*(Miss Chloe Smith.)*

Question agreed to.

Hindi Radio Service (BBC)

Motion made, and Question proposed, That this House do now adjourn.—*(Miss Chloe Smith.)*

10.2 pm

Mr Edward Leigh (Gainsborough) (Con): This is an important Adjournment debate about the future of the BBC's Hindi radio service. At the moment, it is broadcast for three hours a day, divided between the morning and the evening, and reaches no fewer than 10 million listeners, mostly in the northern Hindi-speaking regions of Uttar Pradesh, Bihar and Jharkhand. Hindi is the second largest language audience of the BBC World Service worldwide—of course, English is the first—and it is precisely these three poorer states in India that the Department for International Development has committed to support until 2015 to the tune of £280 million.

The BBC is cutting its shortwave Hindi service, which costs £1 million a year, but once cut, it will save just 2.5p per listener. This, I contend, is the wrong saving to make, and I very much hope that the BBC will think again. The BBC Hindi service began in May 1940, on the very same day that Churchill became Prime Minister, and it employed I. K. Gujral, who later became the 13th Prime Minister of India. The Hindi service was also the first news outlet to break the news of Indira Gandhi's assassination.

There has been a so-called partial reprieve—I would call it a climbdown—after the massive outcry over the total abolition of a radio service that serves 10 million people, and which most radio stations in the world would give their eye tooth to have. However, all that will do is save one hour of Hindi broadcasting for just one year, and that is not enough. The work schedules of the poorest Indians mean that they can often hear only one broadcast or the other. Many listeners want their radio news in the morning. This decision will wipe out a large proportion of the audience overnight.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Does the hon. Gentleman agree that there is widespread concern across the UK about the decision that the BBC appears to be making? Many of my constituents share his concerns about the future direction of the BBC on this service.

Mr Leigh: I am grateful for that intervention, which shows the wide cross-party support on this issue, in a well-attended debate, and a lot of determination, in all parts of the House, to resist the BBC's short-sighted decision.

Jeremy Corbyn (Islington North) (Lab): I congratulate the hon. Gentleman on securing this important debate on what is a ridiculous decision by the BBC. Running the service costs very little compared with the audience that it gets. This decision has been made by people who do not understand that millions around the world rely on ordinary, old-fashioned, shortwave broadcasting. They are not part of the digital revolution, and if this kind of cut goes through, they will not even be informed about the digital revolution.

Mr Leigh: That is precisely the point. The false argument that the BBC makes is that there is a revolution in India and elsewhere—as indeed there is—and that more and more people have television, but the poorest of the poor in those states depend on shortwave radio. We provide a relatively cheap and effective service, and we should maintain it.

Penny Mordaunt (Portsmouth North) (Con): As a former director of Diabetes UK who was involved in setting up health care programmes in India, I would echo that point. Quite often the service is the only way that messages about health care or things that are happening in a particular province can reach people.

Mr Leigh: That is absolutely right.

Let me read out a couple of quotations by ordinary people from an article in *The Times*:

"Vijay Kumar Pandey...every day at 6 am, takes his battered transistor radio and places it on a small table outside his house. Through the shortwave crackle a burst of familiar Indian classical music announces the beginning of a half-hour news bulletin.

Other villagers arrive to listen to the world's most important events. They have been doing this since 1940, gathering at dawn and dusk to hear BBC Hindi's twice-daily news programmes.

'I am in shock,' said Mr Pandey, a farmer in...Uttar Pradesh. 'It's like a family member departing from me.'"

The article continued:

"My life would lose its meaning if BBC Hindi stops its service,"

said Tarachand Khatri from Rajasthan.

"Can you imagine living with somebody throughout your life and, suddenly, that person is gone? BBC Hindi was a person; we used to interact with it through its programmes; we used to share our happiness, feelings, thoughts and concerns."

The respected Indian news weekly *Outlook* reports that some villagers have threatened to burn David Cameron in effigy—something that we would all deprecate. Mohammed Hasnain Khan, a schoolteacher from Ghazipur, has threatened to immolate himself if BBC Hindi is shut. Ravindra Chauhan of Assam says that hearing that BBC Hindi will close was as if

"someone tells you that your parents will die in March."

And so the arguments go on. This decision is an attack on people who have no way of hitting back, and I think that we should protect them, especially as the Department for International Development is set to continue funding the poorest states in India to the tune of £250 million.

Mr William Cash (Stone) (Con): Given the BBC's enormous revenue, which is something like £4 billion a year, and how many correspondents it sends across the world in batches, does my hon. Friend agree that this incredible waste—in respect of which he and I fought to bring the BBC's accounts within the purview of the National Audit Office—is completely disproportionate to the value that is attached to this service? Lastly, he might be fascinated to learn that 10 May 1940—the day on which the service began—happens to be the day I was born.

Mr Leigh: It is a very notable anniversary.

At this precise moment the BBC is wasting hundreds of thousands of pounds on a regionalisation programme—a programme that involves moving the headquarters of "Question Time" to Glasgow, for instance, even though it will continue to move around the country—while it is cutting a valued service in India.

Keith Vaz (Leicester East) (Lab): I congratulate the hon. Gentleman on securing this debate and on getting the climbdown from the BBC, but does he agree that this reprieve is not enough? We need to settle this matter once and for all and acknowledge the important contribution that the Hindi service makes. We need not just a temporary reprieve but a permanent one.

Mr Leigh: The right hon. Gentleman is absolutely right. The purpose of this debate is to illustrate that we are saying, loud and clear, from all sides of the Chamber in the House of Commons, that this is only a partial climbdown. The BBC did not realise the extent of the outcry that would be caused by its decision. Some of the service's best staff will go, and people will stop listening to it. They will no longer be able to listen in the morning; the service will be available only for one hour in the evening. That is not good enough, and we must fight the decision.

We often talk about soft power, and about proclaiming our values. Service such as these represent soft power. They are increasingly recognised as a hugely effective means of delivering diplomacy and our values, with few of the risks associated with more heavy-handed foreign policy interventions. Unlike other countries, Great Britain has a medium through which it can engage with a wide range of Indians, and not simply with the urban elite. That is the point that the hon. Member for Islington North (Jeremy Corbyn) made. We are not simply engaging with the urban elite online; we are engaging with the rural poor.

Rehman Chishti (Gillingham and Rainham) (Con): The service is empowering people in some of the most rural parts of India who might not otherwise get the information that it provides. Providing that information empowers them to become masters of their own destiny and to know what is going on around them, which they might otherwise not do.

Mr Leigh: Absolutely. One of the values of the service is that it is a news service. Of course the BBC can go on broadcasting on FM radio, but hon. Members might not know that it is not allowed to put news on FM. It can broadcast news only on shortwave radio. One person has written to ask me what the point is of the BBC just beaming out Bollywood-type programmes on FM when it can beam out real independent news on shortwave radio.

Joseph Johnson (Orpington) (Con): I agree with much of what my hon. Friend says about soft power, and about this decision perhaps not having been taken on the basis of a solid cost-benefit analysis, but why, if he believes in markets, does he believe that only the BBC can provide independent, impartial news in India, which has a very vibrant media sector?

Mr Leigh: Of course India has a vibrant economy and many other news outlets will come into the picture, but the fact remains that many radio programmes in India do not have the tradition of real independence and unbiased reportage that the BBC Hindi programme has.

The service also reaches large numbers of listeners in areas affected by Maoist-inspired violence in central India, which Prime Minister Manmohan Singh has described as the most serious threat facing the country. Many BBC Hindi service listeners might be forced to switch to China Radio International or, for Muslim listeners, Radio Voice of Iran, if the service is shut. I would point out to my hon. Friend the Member for Orpington (Joseph Johnson) that the only domestic competition that the BBC Hindi service faces is All India Radio, which has a poor reputation for news and current affairs programmes and is often seen as a Government mouthpiece. In contrast, the BBC Hindi service has built up a strong reputation based on its unbiased coverage of news and current affairs.

Of course news and information will be available via the internet and other new media, but most of the listeners who have access to that technology have already shifted to it. More than 10 million listeners do not have reliable access to the internet or to television, and they would be cut off from the BBC completely if the service were to close. The existence of the BBC's Hindi broadcasting augments the depth of the BBC's English language coverage, granting reporters access that they might not otherwise have. Politicians, especially those from the Hindi-speaking north, know and interact with the BBC primarily through the Hindi service. The service has a wide range of local part-time correspondents and information suppliers who provide critical input that goes to the rest of the BBC as well.

The BBC will try to pass the buck to the Minister. It will say that the Foreign and Commonwealth Office has stated that it believes that £25 million of World Service expenditure counts as official development. It is talking about commercial opportunities, and it will ask for funding from the Department for International Development, but I want to put the spotlight firmly on the BBC, which has taken this decision.

Let me end on this note. During the battle of Crete, Admiral Andrew Cunningham was criticised for using Royal Navy ships heavily exposed to assault from German aircraft to evacuate the Army to Egypt. Cunningham, however, was determined that the Navy would not let the Army down, no matter how many ships it lost. Admiral Cunningham said:

> "It takes three years to build a ship; it takes three centuries to build a tradition."

For 70 years, the BBC has built a tradition of unbiased reporting to the poorest people in the world. We must not let this service down.

10.15 pm

The Minister for Europe (Mr David Lidington): I congratulate my hon. Friend the Member for Gainsborough (Mr Leigh) on securing this debate and on attracting such conspicuous and widespread support from both sides of the House this evening. As he said, the BBC Hindi service is not, after all, being completely discontinued. The World Service had announced that the shortwave broadcasts would be stopped, but that the FM and online service would continue. However, the World Service has now been able to identify savings from within its budget to postpone the cessation of the shortwave service. Like many Members who have spoken this evening or attested to their support for my hon. Friend through their presence in the Chamber, we welcome this recent decision by the BBC World Service board.

[Mr David Lidington]

There is no doubt that the BBC World Service is a much-respected and much-loved British institution. As my right hon. Friend the Foreign Secretary made clear on 26 January, it performs an invaluable role, reflecting British democratic values overseas and supporting British influence in the world. The services it provides are a beacon to many in some of the poorest and most insecure countries of the world.

It is also true that the World Service, like any other body funded by the taxpayer, must ensure that it is working on the right priorities and as efficiently as possible. Last October, my right hon. Friend the Foreign Secretary announced that the World Service's expenditure limits would be reduced by 16% in real terms over the next three years. There is no doubt that these cuts are challenging, but it is right that all parts of the Foreign and Commonwealth Office family should contribute to reducing the deficit inherited from the previous Government. As part of the settlement, and to provide a balanced package, the Foreign Office provides £13 million a year to help with the deficit in BBC pension funds and £10 million a year for new services in markets that we and the World Service have identified as priorities.

My hon. Friend touched on the division of responsibilities between the Foreign and Commonwealth Office and the BBC World Service, and the broadcasting agreement between the two sets out clearly the responsibilities of each. My right hon. Friend, together with the BBC, sets the objectives, priorities and targets for the World Service and gives his authority for the opening or closure of any foreign language service. Other changes fall under the managerial independence of the World Service and are its responsibility.

From 2014, the funding for the World Service will be transferred to the BBC under its licence fee arrangements—a development welcomed by the BBC Trust. I emphasise, however, that the Foreign Secretary's oversight role will remain and that he will continue to be involved in the setting of priorities. His authority will still be required to open or close any foreign language service.

On 26 January this year, the World Service announced plans for working within its new budget, and it had to take some difficult decisions. Among the announcements made was the one about the cessation of the shortwave broadcasts in a number of languages, including Hindi. As my hon. Friend said, the Hindi service has a long and honourable history, having been established as far back as 1940. Many millions of people have grown up listening to its broadcasts, and its popularity has certainly been shown by the number of representations that we and the BBC have received and by the passion with which they were made. My hon. Friend cited a number of those representations in his remarks.

According to the World Service, the shortwave audience in India has been falling for some time. In 2007 there were 19.1 million listeners, but by 2010 the number had fallen to about 11 million. That is still a large audience, but it represents a reach of just over 1% of the population, although—as my hon. Friend made clear—the areas covered by the shortwave broadcasts include some of the very poorest parts of India. There is only a small audience for shortwave in any of the urban areas, and the service was broadcasting for only three hours a day.

Last week the director of the World Service told the Foreign Affairs Committee that it had intended to close the shortwave service eventually and concentrate its efforts on the rapidly growing parts of the Hindi media market: online, mobile and television. Its broadcasts on FM would not be affected. The Hindi service has a network of FM partners throughout India whom it supplies with programmes, but—as my hon. Friend said—because of the regulatory framework in India, those services cannot supply hard news programming.

We are aware that the Hindi service was approached with proposals for alternative funding models for the shortwave broadcasts, but needed time to explore whether those possibilities were practicable. In discussions between officials, we made it clear that any decision would have to be made by the BBC World Service within its budget allocation. However, we supported the approach by the Hindi service to continue its shortwave broadcasts.

I am pleased that the BBC World Service has been able to find extra funds in its budget to support the Hindi shortwave service for another year and give it time to establish whether any of the alternative funding proposals are viable. The Hindi service will continue to broadcast on shortwave, albeit for only one hour a day rather than three. The World Service has decided to reprioritise £170,000 of its transmission budget for that purpose. I believe that that is a sensible response not only to legitimate concerns, but to the pressure to explore viable alternatives to continue the Hindi service not just for one year but for much longer, on a sustainable basis.

My hon. Friend spoke of the continuing priority given by the Department for International Development to helping the poorest communities in India. I know that a number of questions have been asked in the House about why that Department could not fund the Hindi service or cover the shortfall in the World Service's overall budget. Under the broadcasting agreement between the Department for Culture, Media and Sport and the BBC, funding for the World Service should come from the Foreign and Commonwealth Office rather than the Department for International Development. Members will have seen the announcement in which, on 1 March, my right hon. Friend the Secretary of State for International Development clearly set out his priorities for the next few years. They did not include core funding for the BBC World Service, as it did not fulfil the criteria that he had identified.

That said, some World Service activity may count as official overseas development assistance. We are discussing with DFID and the OECD how BBC World Service expenditure may be reported as official development assistance. I understand that the World Service is discussing funding for specific projects with DFID, which already supports the BBC World Service Trust, the charitable arm of the World Service. The Government remain committed to an enhanced partnership with India.

Mr Thomas: Has the Minister had discussions with his counterparts at DFID to establish whether they might provide funds either to extend the one-hour service that has been saved or, in the longer term, to keep the shortwave service going beyond 2014?

Mr Lidington: There have been discussions at official level about the BBC decision to discontinue the Hindi service and about the pressure from the Hindi service

for there to be a stay of execution while it explored other funding models. As far as I am aware, discussions between the Foreign Office and DFID about whether World Service expenditure can be classified as overseas official development assistance have been held largely at official level, although clearly if there were to be a major policy shift in this area the Minister of State, my hon. Friend the Member for Taunton Deane (Mr Browne), who is the Minister responsible for the World Service within the FCO, would be directly involved with his DFID counterparts.

Mr Thomas: With due respect, surely the Minister knows whether or not there have been ministerial discussions, and given the strength of concern in the House, surely a Minister from the Foreign Office could talk to DFID colleagues, or, potentially, to those who run the BBC World Service, to get some clarity about possibly at least extending the one-hour service back to the three-hour service.

Mr Lidington: The discussions that have taken place so far have been at official level about the decision the BBC took on the Hindi service earlier this year. The point I made a few moments ago is on a bigger issue: the extent to which expenditure on the World Service could qualify as official development assistance, and whether there were any problems in respect of the International Development Act 2002, which has to govern DFID's expenditure. It is sensible that those conversations should initially take place at official level before advice is put up to Ministers, taking account not only of the views of the people in the two Departments, but also, as I mentioned, the opinions of the OECD, which has an authority in defining those areas of expenditure which count for ODA purposes and those that fall outside that definition.

There has been significant progress on building the bilateral relationship with India since the Prime Minister's visit in July 2010, with increased co-operation across the full scope of activities in areas such as the economy, defence, counter-terrorism, climate change, science and innovation, and education. The presence of the World Service is one of many important elements in our ties with India, and we hope a solution can be found to the problems in respect of the Hindi service that demonstrates this value. Clearly, the World Service cannot be immune from public spending constraints or the need from time to time to reassess its priorities in the light of changing technologies and audience patterns.

Bob Stewart (Beckenham) (Con): Does the Minister agree that it is very important that we keep the Hindi service and other such BBC services, because we are retracting from our embassies? The influence throughout the world of the BBC World Service in all the languages is therefore terribly important.

Mr Lidington: First, I want to assure my hon. Friend that this Government are not going to be retracting from our network of embassies and high commissions. Indeed, my right hon. Friend the Foreign Secretary has made it clear that he sees the network of posts overseas as absolutely core to the mission of the FCO as a Department. I agree about the continuing importance of the World Service, but I also say that the current pattern of the language services provided by the BBC World Service cannot be preserved in aspic. There will be changes in priorities as the years go on. Changes will be occasioned by: the political priorities of the Foreign and Commonwealth Office; shifts in audience; and changes in technology. In some parts of the world the use of online access to the BBC is increasingly rapidly, and that is being coupled with a significant reduction in the use of shortwave broadcasting. Clearly the patterns of provision need to take account of that. I am pleased that in this instance the World Service has been able to keep the Hindi service shortwave broadcasts operating while a sustainable solution is explored, and I hope that that leads to success.

Question put and agreed to.

10.30 pm

House adjourned.

House of Commons

Tuesday 15 March 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Sri Lanka

1. **Joan Ruddock** (Lewisham, Deptford) (Lab): What recent reports he has received on the establishment of high-security zones in Sri Lanka. [46093]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): The number of high-security zones established over recent years has begun to be reduced, but a number still remain, particularly in the north of the country. These zones prevent the return of people to their land. We welcome the reduction in the number of zones, but we are looking for more progress as time goes on.

Joan Ruddock: I am most grateful to the Minister for that reply. Tamils in my constituency are deeply concerned by reports that as many as 60,000 people have been removed from their homes to make way for the military. Does he agree that peace will be possible in Sri Lanka only if the religious, cultural and human rights of Tamils are respected and the "Sinhalisation" of Tamil areas is rejected?

Alistair Burt: I certainly agree with the right hon. Lady about the need to return more people to their land. I was in Jaffna very recently, where I was able to see the damage that had been done over the years of conflict and to speak to some of those who were being resettled. The issue of land rights is very complex, and we have asked the Sri Lankan Government to consider the experience of others as they seek to try to resolve these issues over a lengthy period.

Mr Lee Scott (Ilford North) (Con): Will the Minister look into reports of atrocities taking place in the north of Sri Lanka, including intimidation, murder, rape and other such crimes?

Alistair Burt: Yes. While I was there, reference was made to an upsurge in crime in December and January; a number of murders had been committed. We raised that with the authorities. Precisely what had sparked it was unclear, but there was no doubt that the atmosphere had been very tense over that period. It is very important that Jaffna returns to something like what it was, and that Tamil people feel part of a renewed Sri Lanka. We look to the Government to make good their promises about reconciliation for the future.

Siobhain McDonagh (Mitcham and Morden) (Lab): The sad experience of everyone from the Tamil community and those supporting them over the past few years has been that the Government of Sri Lanka are slow to act unless some threat is attached to a requirement for better behaviour. Is there anything that the Minister might do in order to put some sanction behind the words in trying to get the proper things done?

Alistair Burt: I do not think that the right approach is necessarily one of threats, but the Sri Lankan Government are aware of our continuing concern about the speed with which the country is returning to the proper spirit of reconciliation set out by the Government and, for example, whether the lessons learned in the reconciliation commission will properly engage those from outside in an independent manner. Until these things are done, the concerns of Tamils everywhere will not necessarily be settled. Both sides need to be engaged and involved in the process of reconciliation, but we ask the Sri Lankan Government to live up to their public commitments.

Simon Hughes (Bermondsey and Old Southwark) (LD): Do British and other diplomats, United Nations officials and international non-governmental organisations have free access across the whole of Sri Lanka, and, if not, what will our Government do to try to make sure that that is possible?

Alistair Burt: The short answer is no, they do not. Where there is not free access to rehabilitation camps, for example, the British Government make it very clear that that must be provided, with proper access for NGOs and for others who wish to see them. Progress has been made in this respect. More NGOs have access than in the past, but it is not complete, and the right hon. Gentleman is absolutely right to raise the matter.

UK-Caribbean Relations

2. **Mr David Lammy** (Tottenham) (Lab): What recent assessment he has made of the state of relations between the UK and the countries of the Caribbean; and if he will make a statement. [46094]

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): The Government are committed to maintaining and furthering the excellent relationship that we have with the Caribbean. I visited Barbados, Trinidad and Tobago and Jamaica in January, and the Secretary of State for International Development recently announced a 50% increase in DFID's bilateral aid funding for the Caribbean.

Mr Lammy: I am sorry to drag the Minister back to the UK. He will recognise that there is concern in the Caribbean that Britain is ceding its relationship with the Caribbean to the United States, and that many young people, particularly where there is growing unemployment, are turning to things such as basketball instead of cricket. Will he say more about air passenger duty, which is imposing high fares on travel to the Caribbean?

Mr Browne: I had the honour of meeting, among others, Sir Garfield Sobers during my trip. I offer the West Indian cricket team best wishes in the world cup, although I obviously hope that England win. On the right hon. Gentleman's specific point, any announcement on tax will be made in the Budget next week.

Eritrea

3. **Chris Heaton-Harris** (Daventry) (Con): What recent assessment he has made of the political situation in Eritrea; and if he will make a statement. [46095]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): We are concerned about the denial of basic rights to Eritrean people, particularly the severe restrictions on political, religious and media freedoms. We welcome the progress towards a resolution of Eritrea's border dispute with Djibouti, but are concerned by its support for opposition groups in Somalia, for which the UN Security Council has imposed strong sanctions.

Chris Heaton-Harris: The Minister well knows that I have a constituent who has been detained without charge in Eritrea and is currently being denied consular access. His wife is very concerned about his whereabouts. I have been told that nobody has seen him for nearly two and a half months. What more can the Government do to help my constituent and his wife?

Mr Bellingham: I share my hon. Friend's concerns. By denying consular access to four Britons, Eritrea is in gross breach of a Vienna convention. I have summoned the Eritrean ambassador on two occasions and our ambassador in Asmara has made repeated representations to the Foreign Ministry and the Office of the President. So far, there has been no response to our efforts. The Foreign Secretary has instructed all posts worldwide to raise the issue as a matter of priority. We will continue to press for consular access to the men at the highest level.

Mr John Spellar (Warley) (Lab): I am sure the Minister recognises that stability in Eritrea and across the horn of Africa is vital in the battle against piracy, but there is an immediate crisis. Since the previous Foreign Office questions, a tanker carrying £100 million of oil has been captured by pirates, several seafarers have been murdered, and mother ships are sailing far into the Indian ocean. Last month, *The Times* reported that the terrorist organisation al-Shabaab has cut a deal with the pirates for a 20% share of future ransoms. What is the Minister going to do about it?

Mr Bellingham: The shadow Minister makes an important point. This is a growing challenge and threat, as is suggested by the facts that he outlines. It is essential that we have tough action at sea, and the UK is leading the international response. We also need a renewed effort to secure detention and prison facilities in neighbouring countries. I therefore urge all countries in the region to play their part in combating this evil.

Terrorist Organisations

4. **Graham Evans** (Weaver Vale) (Con): What recent reports he has received on the involvement of the Government of Iran with bodies acting as proxies for terrorist organisations; and if he will make a statement. [46096]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): The latest evidence that Iran continues to supply the Taliban with weaponry is at odds with Iran's claim to the international community and its own people that it supports stability and security in Afghanistan. That behaviour is completely unacceptable. We continue to condemn Iranian support for groups such as Hamas and Hezbollah, which pursue an ideology of violence that directly undermines the prospects for peace in the region.

Graham Evans: Iran has been a prolific sponsor of terror in Afghanistan against coalition troops. Last week it was reported that 48 mid-range rockets that were intercepted in Afghanistan had been supplied to the Taliban by Iran. What steps are the Government taking to combat shipments of weapons and funds from Iran to terror hot spots around the world?

Mr Hague: There was indeed a shipment of 122 mm rockets and a large amount of ammunition. The fact that it was intercepted and seized by NATO in Nimruz shows that effective measures are being taken. Of course, we cannot be sure how effective those measures are. We assess that Iran is the most significant provider of weapons, training and funding to Hezbollah, as well as supporting the Taliban as this case shows. We have made it clear to the authorities in Tehran that this is completely unacceptable. We will continue to push for full implementation of the UN resolutions that call for the disarmament of these armed groups and prohibit weapons transfers.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): On 10 March, Iran's supreme leader, Ayatollah Ali Khamenei, said:

"The fake Zionist government is a cancerous tumour".

What steps are being taken to deal with Iran's influence on terrorism in Lebanon and Gaza?

Mr Hague: I outlined the steps that are being taken in response to the previous question. The hon. Lady draws attention to another outrageous and unacceptable statement by the Iranian leadership, which is part of a long line of such statements about the state of Israel and other nations in the region. We continue to deliver our protests and to take the practical action I have outlined.

Sir Peter Tapsell (Louth and Horncastle) (Con): In the context of the very important question of Iran, may I tell my right hon. Friend that in my memory, since the days of Ernest Bevin, I have never known a Foreign Secretary surrounded simultaneously by so many difficult problems? I want to tell him how much I admire the coolness and efficiency with which he is dealing with them.

Mr Hague: My hon. Friend is always respected as one of the wisest Members of the House. The fact that his recollections go back as far as Ernest Bevin is an inspiration to us, and the conclusion he draws is an inspiration to me.

Egypt

5. **Rushanara Ali** (Bethnal Green and Bow) (Lab): What recent reports he has received on the progress of negotiations between the Government and opposition parties in Egypt; and if he will make a statement. [46097]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): We welcome the new Prime Minister and his Government in Egypt. Recent Cabinet changes are a promising step towards the reform that many Egyptians have been calling for. We will continue to urge the interim Government, as the Under-Secretary of State, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), did during his recent visit, to build trust with opposition groups and involve them in dialogue as the Government develop their reform plans and the timetable for elections.

Rushanara Ali: Following last week's debate on UN Women, which recognised the importance of women playing a full part in post-conflict political processes, what is the Foreign Secretary doing to ensure that women are fully involved in the post-Mubarak political and constitutional process as Egypt moves towards what we all hope will be free and fair elections?

Mr Hague: We are looking to assist in Egypt with the development of civil society, political parties and electoral processes, through technical advice and by building links between organisations in Egypt and the UK. That will of course include a great deal of reference to, and experience of, the involvement of women in civil society and politics in this country. That is one way in which we can have a positive influence on Egypt. We cannot dictate how it constructs a democratic political system, but we can be a major influence on it.

Joseph Johnson (Orpington) (Con): What is the position of the UK Government on the legitimacy of Saturday's constitutional referendum, given that many opposition leaders including Mohamed el-Baradei and Amr Moussa have called on their supporters to vote no to changes that they regard as something of a charade?

Mr Hague: These things are of course to be decided in Egypt itself. There has been a tremendous chain of events, which led to the revolution in Egypt. The clear aspiration of the people of Egypt is to have not only good economic development but an open and democratic political system. That will mean the holding of elections, and in the view of the interim Government it means the holding of the referendum as well. It is not for us to determine the outcome of that referendum or what questions are put in it, but it is for us to urge that it is properly and fairly conducted. We would certainly encourage the Egyptian authorities to allow international observers to observe the referendum and the subsequent elections.

Mark Durkan (Foyle) (SDLP): In the UK Government's diplomatic contribution to current considerations in Egypt and to its future governance, will they have regard to the rights and interests of all minorities there, including Christians?

Mr Hague: Yes, absolutely. The hon. Gentleman raises a vital point. It is extremely important that the development of a democracy and of a more open political system is not accompanied by increased discrimination and the harassment of minorities in Egypt. Although we must respect the fact that we will not be able to ordain what happens in an Egyptian democracy, we can be a positive influence on it, and that is one of the factors that we must try to influence.

Middle East

6. **Rachel Reeves** (Leeds West) (Lab): What recent assessment he has made of the UK's involvement in the middle east peace process; and if he will make a statement. [46098]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): The United Kingdom will continue to press for progress on the middle east peace process. The situation across the middle east demands that, and I discussed progress with President Abbas last week. We want to see a resumption of negotiations based on clear parameters supported by the international community: 1967 borders with equivalent land swaps, appropriate security arrangements, Jerusalem as the capital of both states and a just solution for refugees.

Rachel Reeves: In February, the Israeli Government removed two checkpoints from the Nablus area. Last week, a man was stopped outside Nablus with a bag of explosives, and this weekend an Israeli family were murdered. Will the right hon. Gentleman welcome the removal of checkpoints but acknowledge the security risks that such decisions entail when abused by those who do not want peace?

Mr Hague: Yes, absolutely—the hon. Lady is quite right to draw attention to that. Of course, it is good when the security environment improves, but what happened in the Israeli settlement near Nablus at the weekend was absolutely unacceptable. I issued a statement at the time saying:

> "The friends and relatives of the family killed in Itamar have my deepest sympathies. This was an act of incomprehensible cruelty and brutality which I utterly condemn."

Bob Blackman (Harrow East) (Con): Does my right hon. Friend agree that the atrocity at Itamar makes it even harder for Prime Minister Netanyahu to advance the middle east peace process with the Palestinians, and that Members on both sides of the House should utterly condemn such atrocities?

Mr Hague: I will go part of the way with my hon. Friend. We should condemn that atrocity across the House, as I think all parties do, but we must not let any of the recent events in the middle east allow us to draw the conclusion that it has become impossibly harder to pursue the middle east peace process. Indeed, the wider turn of events in the middle east recently, as well as such acts of great barbarity, underline the need to get on with the peace process, and to give even greater urgency to the search for a two-state solution. I hope that that lesson is drawn by Israeli and Palestinian leaders from the wider events in Egypt and other nations.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): May I join the Secretary of State in condemning the appalling murder of the Fogel family last Friday, and associate the Opposition Front Bench with what he said on the implications for the middle east peace process?

Does the Foreign Secretary agree that lasting peace requires reconciliation between citizens as well as agreements between their Governments? Will he therefore join me in praising the brilliant work of OneVoice Palestine and OneVoice Israel—brave local citizens who are making the case in parallel for a two-state solution?

Mr Hague: The hon. Gentleman underlines what I said—that the condemnation of the killings at the weekend is shared across the House—and he makes the powerful point that peace in the middle east will be built on contact between citizens and civil society as well as on the decisions of political leaders. I certainly join him in congratulating those organisations on their work. We also urge Israeli and Palestinian leaders to make the most of that work and to seize the opportunities in the coming weeks to advance the peace process.

Andrew Percy (Brigg and Goole) (Con): No doubt the Palestinian Authority has made some genuine progress towards its road map obligations, but has the Foreign Secretary had a chance to assess the role of the Palestinians in inciting the sort of attacks that we saw last weekend?

Mr Hague: I am sure that it is not the Palestinian Authority who incite attacks of that kind, which my hon. Friend might see if he looks at what Prime Minister Salam Fayyad has done to build the attributes of a Palestinian state on the west bank. The last thing he wants is incidents of that kind. Of course, we do not know who incited those events, but I feel confident that it was not the Prime Minister and the President of the Palestinian Authority.

Council of Ministers

7. **Toby Perkins** (Chesterfield) (Lab): What recent discussions he has had with his Hungarian counterpart on priorities for the Hungarian presidency of the Council of Ministers of the EU. [46099]

The Minister for Europe (Mr David Lidington): My right hon. Friend the Foreign Secretary held a bilateral meeting with Foreign Minister Janos Martonyi on 7 December in London. I speak regularly to the Hungarian Europe Minister, Eniko Gyori, at meetings of both the General Affairs Council and the Foreign Affairs Council, and most recently by telephone on 20 January, when we discussed energy policy and innovation priorities.

Toby Perkins: In February, the UK announced more job losses than any other country in the EU. In that context, what conversations has the Minister had with other EU Ministers to assist the UK Government in developing a plan for jobs and growth to replace their current strategies, which undermine both?

Mr Lidington: We have taken the lead at many meetings of EU Ministers in arguing that Europe should indeed give the highest priority to growth and global competitiveness, which means more work to complete the single market, to increase free trade with other parts of the world, and to cut the cost and complexity of the regulations that Europe imposes on European businesses.

Miss Anne McIntosh (Thirsk and Malton) (Con): Just as the Czech spring presaged the rebirth of democracy and liberty in what were known as the eastern European countries, can we hope that the European Union, particularly the Hungarian presidency, can shine a light on those undergoing similar revolutions now in the middle east and adjoining countries?

Mr Lidington: We very much hope so. My right hon. Friends the Foreign Secretary and the Prime Minister have been playing a leading part in those discussions at European level. We think it is time for the EU to carry out an urgent and comprehensive overhaul of its partnership policies with regard to the southern Mediterranean counties. We need to link those much more closely to economic and political reform in that region.

Keith Vaz (Leicester East) (Lab): One of the priorities of the presidency must surely be the securing of the EU border. Has the Minister had any discussions with the Hungarian Foreign Minister about the deployment by Frontex of a rapid border intervention team—RABIT—on the border between Greece and Turkey? He will know that 90% of illegal immigration comes through that border, and we need to ensure that the RABIT force is protected and extended, in order to give Greece as much support as possible.

Mr Lidington: The right hon. Gentleman makes an important point. There are real problems on the Greco-Turkish border that affect migration into the whole of the EU. This is a matter to which my right hon. Friend the Home Secretary and my hon. Friend the Minister for Immigration are giving a high priority in their conversations with their European counterparts.

Economic Prospects (EU)

8. **Mr David Ruffley** (Bury St Edmunds) (Con): What recent discussions he has had in the General Affairs Council on economic prospects for the EU; and if he will make a statement. [46100]

The Minister for Europe (Mr David Lidington): I regularly take part in such discussions and emphasise our view that growth and global competitiveness should be the EU's first priority.

Mr Ruffley: Will the Minister confirm that if the UK was ever to be pressured to join the European stability bail-out mechanism, it would require a treaty change, and that therefore a referendum would be given to the British people on that subject?

Mr Lidington: Membership of the proposed permanent European stability mechanism is open only to those countries that are members of the euro and have that as their currency. For the UK to join the euro, which would be necessary to take part in the ESM, there would have to be a referendum, provided that the European Union Bill becomes law.

Kelvin Hopkins (Luton North) (Lab): It is clear that some members of the eurozone are unlikely to be able to sustain membership in the long term, but it is unlikely that member states of the eurozone would suggest such a thing. However, Britain would be well placed to suggest that those countries should be given the chance to leave the eurozone and recreate their national currencies.

Mr Lidington: It is up to the elected Governments of individual countries to decide how to respond to the hon. Gentleman's challenge. However, it is very much in the UK's national interest that the eurozone finds a way to overcome its present problems and achieve financial stability and economic growth.

Mrs Anne Main (St Albans) (Con): The previous Minister for Europe gave away £7 billion of our rebate. Was he sold a pup, or is the current Minister for Europe able to claw something back from that spendthrift way of spending our money?

Mr Lidington: I think that the previous Minister for Europe was sold a pup, although he was not helped by the fact that at the time his Chancellor and Prime Minister were not talking to each other, even about the figures that they used in those negotiations. I can assure my hon. Friend that in the negotiations on the new multi-annual financial framework, the Government will defend the British rebate, which we believe remains completely justified.

Mr Wayne David (Caerphilly) (Lab): Given the importance of the eurozone to Britain, what are the Government doing to ensure that Britain is not excluded from decision-making processes that will have a direct impact on our economy?

Mr Lidington: We are ensuring that we engage fully on a bilateral basis with those of our partners who are members of the eurozone and with the European institutions. We also remain in regular contact with EU member states that are not part of the eurozone. I find, from talking to eurozone and non-eurozone members alike, that there is a common acceptance of and support for the participation of the UK and other non-eurozone members in discussions and decisions about the single market and the direction of European economic policy. There is no wish to relegate us to a side room.

Libya

9. **David Tredinnick** (Bosworth) (Con): What recent steps he has taken in response to the political situation in Libya; and if he will make a statement. [46101]

11. **Glyn Davies** (Montgomeryshire) (Con): What recent steps he has taken in response to the political situation in Libya; and if he will make a statement. [46103]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): The UK is at the forefront of the international effort to isolate the Gaddafi regime, deprive it of money and ensure that anyone responsible for abuses is held to account. We have taken swift action in the United Nations Security Council and the UN Human Rights Council. At the European Council on Friday, EU leaders called on Gaddafi to relinquish power. They agreed to examine all necessary options to protect the civilian population. I have just returned from the G8 meeting of Foreign Ministers in Paris, where we agreed on the need for urgent consideration in the United Nations Security Council of a wide range of additional measures to protect the Libyan population from attack.

David Tredinnick: With a view to Benghazi, does my right hon. Friend recall the fate of the Marsh Arabs in Iraq who were encouraged to revolt and then left to their fate when Saddam Hussein butchered them? What is my right hon. Friend going to do if compliance with the no-fly zone proves to be impossible. Is he happy at the thought that Benghazi will be left to its own devices?

Mr Hague: Yes, we are very conscious of what has happened on previous occasions. The Gaddafi regime has shown its willingness to strike back without compunction at its own civilian population and its ability to take back territory from people who have rebelled against his oppressive regime. That is why, as my right hon. Friend the Prime Minister said yesterday, time is of the essence. That is why we have urged colleagues in the G8 and elsewhere to agree to further urgent considerations at the United Nations Security Council. Anything we do must, of course, have a clear legal base and widespread international support, so my hon. Friend must consider things in that light.

Glyn Davies: Does my right hon. Friend have confidence in the sanctions currently in force against Libya? What discussions is he having with allies about how to strengthen those sanctions against Gaddafi and his regime?

Mr Hague: We have widened the restrictive measures against individuals close to Gaddafi. We have added the Libyan central bank and the Libyan investment authority to the EU asset freezing list. In so doing, the UK has increased the total of frozen Libyan assets in this country from £2 billion to £12 billion. Clearly, these things have an impact on the regime. We would now like further sanctions to be debated and agreed at the UN in New York, but I obviously do not want to advertise too much in advance what they might be.

Caroline Lucas (Brighton, Pavilion) (Green): What other non-violent measures is the Secretary of State considering to put more pressure on Libya? I am thinking of things such as a UN-run escrow account for Libyan oil revenues or electronic jamming of all the regime's communications.

Mr Hague: There is certainly scope to take other non-violent means and the hon. Lady has provided some examples of it. I believe it is important to discuss them with our international partners before announcing them in any detail or giving notice of their coming into effect, but she is quite right to draw attention to the potential for further measures.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): The Foreign Secretary has rightly said that Libya is in breach of United Nations Security Council resolution 1970. He went on to state this morning that

"not every nation sees eye-to-eye on issues such as a no-fly zone".

Will the right hon. Gentleman confirm whether specific proposals for a no-fly zone were tabled for discussion at the NATO Defence Ministers meeting last Thursday, at the European Council last Friday or, indeed, at the G8 Foreign Ministers meeting today?

Mr Hague: When it comes to specific proposals, NATO is responsible for contingency planning and it is conducting it for specific plans for a no-fly zone. The other meetings were more at the level of political discussion of what is desirable. There are differences of view among many countries about this issue. What was agreed by G8 Foreign Ministers this morning was that we welcomed the recent declaration by the Arab League calling for a number of measures to protect and support the Libyan population. Clearly, what was called for by the Arab League included reference to a no-fly zone.

Mr Alexander: Yesterday the Prime Minister told the House, in response to a question from the Leader of the Opposition about arming the rebels:

"We should not exclude various possibilities, and there is an argument to be made, but there are important legal, practical and other issues that would have to be resolved, including the UN arms embargo."—[*Official Report*, 14 March 2011; Vol. 525, c. 30.]

Can the Foreign Secretary update the House on the Government's position on each of those issues, given the deteriorating situation of the anti-Gaddafi forces on the ground?

Mr Hague: My right hon. Friend the Prime Minister was quite right. The arms embargo agreed in United Nations resolution 1970 covers the whole country—that is, as it is understood by the members of the Security Council and by the vast majority of legal experts. The rebels and the Gaddafi regime are therefore in the same position as regards the arms embargo. One way of changing that would be to produce a new resolution, which would again require the agreement of the United Nations Security Council.

In the G8 this morning, we agreed to welcome urgent consideration in the United Nations of

"a wide range of measures to ensure the protection of the Libyan population"

and to

"increase the pressure, including through economic measures, for Mr Qadhafi to leave."

That now requires additional work at the United Nations headquarters in New York.

Libya

10. **Caroline Dinenage** (Gosport) (Con): What recent discussions he has had with his international counterparts on support for and participation in the enforcement of a no-fly zone over Libya. [46102]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): We are working closely with partners, including the United Nations, the European Union and NATO, to develop contingency plans to allow the international community to respond quickly and effectively to the developing situation on the ground in Libya. The plans cover a range of options, including the possible establishment of a no-fly zone. As I have said, G8 Foreign Ministers have welcomed the recent declaration by the Arab League calling for measures to support and protect the Libyan population.

Caroline Dinenage: Given that the Arab League and the Gulf Co-operation Council recently endorsed the idea of a no-fly zone, would it not be prudent to allow them to take the lead while the United Kingdom adopts the same policy as the United States of strategic patience?

Mr Hague: Patience must, of course, be tempered by recognition of the fact that the situation is urgent and that events in Libya are moving rapidly on the ground, or at least have done so in recent days. As for my hon. Friend's important point about participation and the Arab states and the GCC taking the lead, one of the vital elements in any no-fly zone or other operations to protect and support the Libyan civilian population would be the active participation of Arab states.

Mr Bob Ainsworth (Coventry North East) (Lab): Does the Foreign Secretary agree that there are many reasons for the American President's caution? He is worried about the west being seen to lead, his forces are stretched, and he is enormously worried about the potential for difficulties in the Gulf and the Arabian peninsula. If we share his analysis, why do we not share his caution?

Mr Hague: The United States has agreed with us on the contingency planning in NATO, and also about the very serious nature of what is happening in Libya and the need for Gaddafi to go. The things for which we have argued are the same things for which the United States has been arguing.

As the right hon. Gentleman says, there are currently many other demands on military and diplomatic resources, but I think he will agree that if Libya were left as a pariah state, particularly after recent events—with Gaddafi running amok, exacting reprisals on his own people and estranged from the rest of the world as a potential source of terrorism in the future—that would pose a danger to the national interest of this country and, I would argue, that of the United States as well.

Richard Ottaway (Croydon South) (Con): The Foreign Secretary has confirmed what the Prime Minister said yesterday: that a no-fly zone will not be imposed unless there is a clear legal basis for it. Will he confirm that that is a reference to a United Nations chapter VII resolution?

Mr Hague: The clearest legal base for any such operation is obviously a chapter VII resolution of the United Nations Security Council. Lawyers can provide my hon. Friend, and all of us, with extensive arguments about the various circumstances in which nations are allowed to take action, which can of course include self-defence but can also include overwhelming humanitarian need. This is not a completely open-and-shut argument, but the clearest basis is a chapter VII resolution.

Mr Denis MacShane (Rotherham) (Lab): But can the Foreign Secretary confirm that, actually, UN law is whatever communists in Beijing say it is? There is a whiff of Bosnia of 15, 16, 17 years ago about all this. We do not want the Foreign Secretary to talk about

discussions at the UN, empty EU statements and NATO meetings that result in nothing; we want him to discover his mojo and take a lead in putting policies in place before Benghazi falls.

Mr Speaker: We thank the right hon. Gentleman. I call the Foreign Secretary.

Mr Hague: I will make a point of hoping never to discover what motivates the right hon. Gentleman, and never to partake of any of it. *[Interruption.]* Labour Members are agreeing with me.

I do not accept that UN law is made in Beijing. It is important to have a clear legal base for actions we take internationally, as well as widespread international support and demonstrable need, and since the British Government, along with the French Government, have been absolutely in the forefront of ensuring that all the international sanctions and measures so far have been taken, the right hon. Gentleman is not in much of a position to criticise.

Libya

12. **Stephen Gilbert** (St Austell and Newquay) (LD): What assessment he has made of the adequacy of consular services provided to UK nationals during the recent events in Libya; and if he will make a statement. [46104]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): In what has been the most complex FCO-led evacuation since Kuwait, some 600 British nationals were safely brought out of Libya, and we are all grateful for the immense amount of hard work done by those both in this country, and particularly in Libya, to look after our constituents. However, there are always lessons to be learned, and the Foreign Secretary has asked for a review of our evacuation practices in order to make sure that the practice overall is as good as the very best examples of it.

Stephen Gilbert: I am grateful to the Minister for his answer. Given that article 20 of the treaty on the functioning of the European Union allows British nationals to receive consular assistance from any EU member state, what discussions is he having with other EU states to ensure effective and co-ordinated EU responses to such crises in future?

Alistair Burt: There was co-operation and consultation between all European partners right from the beginning. We often shared each other's planes. The United Kingdom was able to bring out 819 foreign nationals of 43 different countries by way of the work we did. The hon. Gentleman is absolutely right that it is essential in such circumstances that there is a lot of co-operation, and we will continue to make sure our practices provide for that at all times.

Valerie Vaz (Walsall South) (Lab): The son of a constituent of mine is teaching in Riyadh. What extra consular services and what contingency plans are in place should the situation in Riyadh change?

Alistair Burt: The hon. Lady rightly draws attention to the fact that at present we should be looking at contingency plans right across the middle east and the Gulf, just in case. I can assure her that that work is going on. We all wish to see a stable middle east and north African region, but all the contingency plans are being reworked to make sure they are as effective as possible, and that applies as much to Saudi as it would to Bahrain, Yemen and all other points east.

Middle East

13. **Mr John Baron** (Basildon and Billericay) (Con): What recent steps he has taken to promote political reform in the countries of the middle east; and if he will make a statement. [46105]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Britain is ready to support the countries of the middle east in putting in place the building blocks for more open, plural and free societies. As part of our long-term approach, on 8 February in Tunis I announced the launch of the Arab partnership to support the reforms the countries of the region need for a stable and prosperous future. But reform must be home-grown; it cannot be imposed by outsiders, and leadership must come from within the countries concerned.

Mr Baron: I thank the Foreign Secretary for that answer, but I suggest that the provision of independent and accurate information has never been more important than in these uncertain times. Will the Government therefore revisit their decision that is forcing cuts on the BBC World Service, and particularly the BBC Arabic service? It is extremely short-sighted given that service's excellent reputation in the region.

Mr Hague: My hon. Friend will be pleased to know that the BBC World Service, and in particular the Arabic service, will continue to play a very valuable role in the region: it will continue its 24-hour television channel, and its radio services will continue through FM relays as well as through shortwave services in the region. Those are a continuing and important part of the BBC World Service. Indeed, in the light of recent events, the BBC has already revisited some of its recent decisions that would have affected Arab nations.

Ann Clwyd (Cynon Valley) (Lab): I took part in a special United Nations conference on the plight of Palestinian prisoners last week, and the descriptions of the conditions in which they are held in Israeli prisons and detention centres were appalling. We were told of torture, inhumane treatment and so on. Some 200 to 300 young people under the age of 18 are held in those conditions. What will the Foreign Secretary do to prevail on the Israelis to adhere to the conventions to which they have signed up?

Mr Hague: Of course we believe that there should be the proper treatment of prisoners throughout the world, including in Israel and anywhere else in the middle east. We have taken up concerns about such issues in the past. If the right hon. Lady would like to give me more details of what she found in that particular case, I will of course look to take them up with the Israeli authorities.

Middle East

14. **Jeremy Lefroy** (Stafford) (Con): What recent assessment he made of the political situation in the middle east; and if he will make a statement. [46106]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): The question asks about our assessment of the political situation in the middle east and I am tempted to say simply, "It is extremely tricky." Perhaps I might add that the unprecedented events of recent weeks have created profound political undertones and at the moment it is not possible to say just what the outcomes of these great events will be.

Jeremy Lefroy: I thank the Minister for his reply. The Egypt-Israel peace treaty is a successful model of a land-for-peace agreement, and Egypt has played a crucial role throughout the middle east peace process. What steps are the Government taking to ensure that that agreement continues to be a cornerstone of the process?

Alistair Burt: We were all reassured when one of the first statements made by Egypt's military council was that it accepted and will adhere to its international agreements. I think everyone understood that it was referring specifically to the peace agreement with Israel, and I hope that that will provide people with confidence. When I was in Egypt last week, I saw the relationship between the military and the politicians, and it is to be hoped that there will be a process towards democratic elections and government, and that that peace treaty will be adhered to by a future Government.

Mike Gapes (Ilford South) (Lab/Co-op): Will the Minister give us the Government's security assessment of the situation in Bahrain and the potential for a Shi'a-Sunni conflict both there and in Saudi Arabia?

Alistair Burt: Obviously, we watch events in Bahrain with mounting concern. The sense is that the Bahraini Government should continue to give an opportunity for legitimate protest and that the dialogue should continue with opposition parties. It is incumbent on both the opposition and the Government to keep that process of reform going. On intervention from the GCC at the request of Bahrain, it is essential that that is consistent with the spirit of reform, and not repression.

Topical Questions

T1. [46118] **Barbara Keeley** (Worsley and Eccles South) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Last night, I met the Foreign Minister of Japan, Mr Matsumoto, and again conveyed the condolences of the British people after Friday's earthquake and tsunami. He expressed the thanks and appreciation of his country for the support that we have sent, particularly in the form of search and rescue teams. We also discussed the need to co-operate closely on ascertaining the whereabouts of British nationals in Japan.

Barbara Keeley: I am sure that every Member of this House would wish to be associated with the condolences that the Foreign Secretary just mentioned. The Tibetan Government-in-exile are debating the Dalai Lama's retirement as their political leader. Will the Foreign Secretary update the House on what support the British Government would give to a newly elected political leader of the Tibetan people in the just cause of gaining greater autonomy for Tibet, given that he has outlined this Government's support for newly elected leaders in north Africa?

Mr Hague: This Government continue the policy adopted by the previous Government on the status of Tibet. We await further details on what has been announced by the Dalai Lama in respect of an elected leader in the future. We will have to see the details of that before we respond to it in any greater detail.

T4. [46121] **Robert Halfon** (Harlow) (Con): My right hon. Friend made some welcome remarks about the tragic murder of the Fogel family on the west bank. Is he aware that the Palestinian Government recently gave $2,000 to the family of a terrorist who attacked an Israeli soldier? What steps can he take to stop the incitement of terrorism by the Palestinians?

Mr Hague: I join my hon. Friend in deploring any incitement of terrorism by anyone on any side of the disputes in the middle east. We are not aware as Ministers of the particular instance to which he refers, but if he would like to get in touch with us with the details we will, of course, look into it.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): May I associate myself and my colleagues with the Foreign Secretary's expression of sympathy towards the people of Japan at this terrible time? The right hon. Gentleman told the House on 14 February that the British Government had

"received a request from the Egyptian Government to freeze the assets of several former Egyptian officials."—[*Official Report*, 14 February 2011; Vol. 523, c. 715.]

Will he tell the House whether he has acted on that request from the Egyptian authorities and gone ahead and frozen the assets of all those former officials?

Mr Hague: We have acted on that request with our European Union partners. One difficulty with pursuing this to the necessary point of freezing the actual assets is the lack of information that has been supplied by the Egyptian authorities. We have urged progress within the European Union so that this is done on an EU basis, and that means that the decisive action remains to be taken. The UK has been at the forefront of the arguments in the EU to take action.

T5. [46122] **Amber Rudd** (Hastings and Rye) (Con): Political violence by Mugabe's militias in Zimbabwe is rising again. Does the Secretary of State share my concern that the court ruling last week removing the Movement for Democratic Change Speaker and four of its MPs risks derailing the fragile journey to political reform? Will he raise this as a matter of urgency with President Zuma of South Africa and other leaders in the region?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): I certainly share my hon. Friend's concerns about the arrest and detention of those MDC MPs. It is a disgrace

that they remain in custody. However, our ambassador in Harare attended the hearing this morning for Elton Mangoma, who has now been released on bail. I agree with my hon. Friend that it is essential that President Zuma carries on his good work with the Southern African Development Community to create a robust road map to credible elections.

T2. [46119] **Steve McCabe** (Birmingham, Selly Oak) (Lab): Do the Government find it acceptable that residents of Camp Ashraf—opponents of the Iranian regime—are subjected to a 24-hour campaign of abuse and torture, including bombardment by 210 loudspeakers? What on earth are we doing about it?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): We are aware of both the intrusion of loudspeakers and occasional suggestions that the residents of Camp Ashraf are denied medical assistance. The UK meets representatives of the Iraqi Government's Camp Ashraf committee, the UN regularly visits the camp and we make every effort to urge the Iraqi authorities to ensure that the residents of Camp Ashraf are treated in accordance with international humanitarian standards.

T7. [46124] **Mr Peter Bone** (Wellingborough) (Con): The coalition agreement, on page 19, calls for the Government

"to limit the application of the Working Time Directive in the United Kingdom."

Tomorrow, this House will be asked to agree a stability mechanism for the eurozone, a decision over which we have a veto. Will the Foreign Secretary withhold agreement on the stability mechanism until we have reform of the working time directive?

The Minister for Europe (Mr David Lidington): My right hon. Friends the Secretaries of State for Health and for Business, Innovation and Skills are engaged in drawing up Government proposals to address the problem identified by my hon. Friend. The appropriate time to do that is likely to be when the Commission comes forward with new proposals on the working time directive during the next 12 months.

T3. [46120] **Caroline Lucas** (Brighton, Pavilion) (Green): Libya's rapid plunge towards civil war is further evidence, if it were needed, of the irresponsibility of selling arms to regimes that seek to quell dissent through force. Will the Government now work to ensure that the UN arms embargo to Libya is extended to all regimes that engage in repression?

Mr Hague: It is an immediate priority to ensure that that arms embargo is properly observed. It is necessary to review how we give export licences to various countries around the middle east in the future, and we will conduct that review.

T9. [46126] **Roger Williams** (Brecon and Radnorshire) (LD): Brazil has one of the most rapidly growing of all global economies. Unfortunately, a visit by the Deputy Prime Minister and another Foreign Office Minister had to be postponed. When are there plans to meet the new President of that very important country?

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): I have not yet had the opportunity to visit Brazil, although I was due to travel with the Deputy Prime Minister. My hon. Friend makes a very accurate point about the growing significance of Brazil and I am delighted to announce that the Foreign Secretary intends to visit shortly.

T6. [46123] **Helen Goodman** (Bishop Auckland) (Lab): Yesterday in the House the Prime Minister said that he wanted to establish dialogue with the opposition in Libya. Unfortunately, over the past five days, my constituent Dr Burwaiss, who has contacts in the national liberation council in Benghazi, has had extreme difficulty, despite his and my efforts, in finding out where and to whom information should be sent. Can this now be corrected?

Alistair Burt: I thank the hon. Lady for her question; we have spoken about this over the weekend. The ambassador to Libya, Richard Northern, is working on all available contacts, including the relatives of the gentleman whom the hon. Lady has mentioned. We will make sure not only that contact is made as best as possible but that information is passed back to her constituent.

Martin Horwood (Cheltenham) (LD): Does the Secretary of State agree that the act of inviting in troops from militarily superior neighbours has evil precedents in the crushing of human rights in 20th-century Europe? If so, as a good historian, will he share that view with the Bahraini and Saudi Governments?

Mr Hague: We are extremely concerned about the escalation of the situation in Bahrain, particularly the decision of the Government of Bahrain to declare a state of emergency. We call on all parties to exercise maximum restraint and to avoid violence. The Government of Bahrain should respect the right to peaceful protest, respond to the legitimate concerns of the Bahraini people and persist with their attempts to draw others into a dialogue on reform. The intervention by GCC partners at the request of the Bahraini Government should also be consistent with that, supporting reform and not repression, allowing a swift return to peaceful conditions and creating an environment in which dialogue can take place.

T8. [46125] **Rachel Reeves** (Leeds West) (Lab): Last Thursday, I joined students from Swallow Hill community college and Abbey Grange school from my constituency on a visit to Auschwitz. Will the Foreign Secretary join me in commending the Holocaust Educational Trust's work and will he confirm what funding the Government will commit to supporting the Auschwitz-Birkenau Foundation to ensure that future generations can see what happens when racism and hatred go unchecked?

Mr Lidington: I am grateful to the hon. Lady for raising this point. The Government are determined to preserve the memory of the holocaust to educate future generations and we support the long-term preservation of Auschwitz-Birkenau as a site of remembrance and reflection. We are currently finalising the details of exactly how we will support the foundation and I assure her that an announcement will be made very soon.

Mr Douglas Carswell (Clacton) (Con): Does my right hon. Friend believe that the appetite for democracy is universal? If so, what moral support and encouragement will he offer those in Iran who seek to live freely as we do?

Mr Hague: I agree with my hon. Friend. We believe that human rights, including democratic rights, are universal. It is particularly pertinent to raise the situation in Iran because the two principal leaders of the opposition forces in Iran, Mr Mousavi and Mr Karroubi, have been detained with their wives—they have disappeared with their wives. I am glad that my hon. Friend raised this matter because it is important, amidst the current turbulence in the middle east, not to forget what is happening in Iran and to remember that a country that has preached support for protest in other nations does not hesitate brutally to suppress protest within its own borders.

T10. [46127] **Ian Austin** (Dudley North) (Lab): Hamas terrorists fired long-range rockets into apartments in Beersheba just a few weeks ago. With Hamas's leader calling for jihad, not negotiation, and with Iran supplying weapons to Hamas, Hezbollah and the Taliban, what more can the Secretary of State do to curtail terrorist attacks against our forces in Afghanistan and our allies in the middle east?

Mr Hague: I listed earlier some of the things we are doing. Clearly, we are intercepting some of the shipments of arms that have been involved. That is how we know about the rockets that were being shipped to the Taliban and about the ammunition involved. I set out some of the other actions, including diplomatic actions, that we are taking. We have stepped up our efforts in that regard, but the hon. Gentleman is quite right to ask us to do still more.

Andrew Rosindell (Romford) (Con): When the Foreign Secretary next meets Secretary of State Clinton, will he clarify with her the American Government's position on the Falkland Islands? Do they support British sovereignty or not?

Mr Hague: I last met Secretary Clinton last night in Paris. That was not part of our discussion, because clearly we were discussing the situation in Libya, but I can assure my hon. Friend that we do not have any difficulty with the United States Government on that issue.

Angus Robertson (Moray) (SNP): The European Union's 27 Energy Ministers are meeting today to discuss nuclear safety in the wake of the horrific developments in Japan. As a minimum, will the UK Government support Germany, France and Spain in their support of a proposal by the Austrian Energy Minister, Niki Berlakovich, that there should be stress tests in all nuclear power stations across the European Union, including those in the UK?

Mr Lidington: There is a range of possible options that European Energy Ministers will discuss today. The important principle is that politicians should be guided by scientific evidence about the best steps available to ensure that nuclear safety is maintained.

Duncan Hames (Chippenham) (LD): Air strikes against his own people, the use of mercenaries, the imprisonment of foreign journalists—what does the Foreign Secretary believe would be the impact on human rights elsewhere in the world were Gaddafi's tactics seen to be successful?

Mr Hague: My hon. Friend makes a powerful point, and a parallel point to the one that the Prime Minister made here yesterday. If Gaddafi succeeded in suppressing the desire for a freer and more open country in Libya, there are tyrants elsewhere who would draw the wrong lesson from it. That is why we are at the forefront of all the activity that I described during our Question Time today, but I stress alongside that that whatever we do must be legal and have international support.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Will the Foreign Secretary raise at the next European Council meeting the case of my constituent, David Petrie, who is one of a group of English language lecturers in Italy who have been fighting for a European right to equal pay for 25 years? After six victories in the European Court, they thought they were going to get justice, only to find that the Berlusconi Government have changed the law.

Mr Lidington: We regard the treatment of the lettori as completely unacceptable, and through both our embassy in Rome and ministerial contacts we are pursuing the matter energetically with the Italian authorities.

Dr Julian Lewis (New Forest East) (Con): If Britain decides to take part in an unanticipated military commitment to engage in a no-fly zone in Libya, will the extra cost be added to or will it be taken from the existing defence budget?

Mr Hague: My right hon. Friend the Prime Minister and the Chancellor will no doubt make a judgment about that, if it arises.

John Cryer (Leyton and Wanstead) (Lab): Further to the question from my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander), my understanding is that a list was provided by the Egyptian authorities of people connected to the Mubarak regime. Is the information on that list inadequate, or are other members of the EU dragging their feet?

Mr Hague: Both of those, to some degree. Certainly, the information on the list was inadequate. This is a matter that is handled by the Treasury. It is important that the House has an update on it, but both of those factors are present.

Margot James (Stourbridge) (Con): During last night's Adjournment debate on the future of the BBC Hindi service, the House was pleased to hear that discussions are taking place between the Foreign Office and the Department for International Development that could lead to World Service expenditure being considered as official development assistance. Does my right hon. Friend agree that everything possible should be done to protect this very important part of British soft diplomacy?

Mr Hague: It is possible for some of the expenditure of the BBC World Service to be classified in the way that my hon. Friend describes. In the Foreign Office we

have done everything we can to give financial support, including transitional support, to the BBC World Service. She will be aware of the fact that in three years it will be funded by the BBC licence fee, and that transfer of funding will give new opportunities for the future. But every part of the public sector must contribute to improving its efficiency and saving money; there is no getting away from that.

Mr Russell Brown (Dumfries and Galloway) (Lab): None of us can imagine the plight that tens of thousands of people are experiencing in Japan at this time, and they include UK citizens. My constituent's son, his wife and their seven-month-old child are stuck in the north of Sendai city. They are in a hotel where a bus turned up this morning and took away a number of European nationals who were fit and healthy, including Irish nationals. However, the only advice being given by our Foreign Office is, regrettably, just that—advice. It is not assisting with transport. Can something more be done?

Mr Jeremy Browne: The British Government have put in a hugely comprehensive response to help British nationals in Japan. We have supplemented what is already a large embassy with an additional 45 staff from across Asia and elsewhere in the world. We are trying to do everything possible to help British nationals in what is a chaotic and difficult situation, but if the hon. Gentleman gives me the details of the case that he has just raised, I will ensure that I give it my personal attention.

Several hon. Members *rose—*

Mr Speaker: Order. I am sorry that some colleagues are disappointed: the demand today is huge and the supply limited.

Points of Order

3.35 pm

Mr Iain Wright (Hartlepool) (Lab): On a point of order, Mr Speaker. In business questions last week, my hon. Friend the Member for Gateshead (Ian Mearns)—whom I am pleased to see in his place today—asked about the 563 parliamentary questions to the Department for Education that are currently unanswered. In written responses to me, the Department has stated that only 10% of named day questions and 20% of letters from hon. Members have been answered on time, with some going as far back as November. On top of Building Schools for the Future and school sport partnerships, that shows a Department in a shambolic and chaotic state, whether through incompetence or laziness. It is not good enough. A schoolchild who had done only 10% of their homework would get detention. What can you do, Mr Speaker, to keep Ministers back after school for failing to do their homework, which—on a serious note—is preventing hon. Members from holding the Government to account for their education policy and acting on behalf of their constituents?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order and for notice of it. I sympathise with the concern that he has expressed. I understand that other hon. Members have been affected in the same way. I deprecate late replies, but Ministers are responsible for their answers. Oral questions to the Department for Education will be taken next Monday. I suggest that the hon. Gentleman and others with similar experiences and views seek advice from the Table Office on how to pursue this matter. The Deputy Leader of the House is in his place and will have heard the concern expressed. This is a serious matter, and I hope that something will indeed be done to address the concern that the hon. Gentleman and others regularly raise.

Mr John Spellar (Warley) (Lab): On a point of order, Mr Speaker. Have you had any notification that either the Secretary of State for Communities and Local Government or the Secretary of State for Health wants to make a statement about the crisis in Southern Cross Healthcare, whose share price has collapsed to one hundredth of its peak? Southern Cross Healthcare has 750 care homes across the country, with 31,000 elderly and vulnerable residents. They and their relatives need urgent reassurance and action from Ministers.

Mr Speaker: The short answer to the right hon. Gentleman is that I have received no indication that any Minister wants to make a statement on the subject. He has put his concerns about the matter on the record explicitly. I will not call him an old hand, because he will take offence, but he is a wily operator, and I have a feeling that he will use the opportunities open to him in the House to pursue this matter for as long as he judges necessary.

Financial Services (Regulation of Derivatives)

Motion for leave to bring in a Bill (Standing Order No. 23)

3.38 pm

Steve Baker (Wycombe) (Con): I beg to move,

That leave be given to bring in a Bill to require certain financial institutions to prepare parallel accounts on the basis of the lower of historic cost and mark to market for their exposure to derivatives; and for connected purposes.

I rise not as an expert in derivatives or derivative accounting, but as someone who has wrestled with the problems of the banking system in the company of experts, both academic and practical. I am persuaded that a parallel, more conservative accounting regime for derivatives would mitigate some of the worst risks in the financial system.

Even though banks are governed by overarching EU and Basel rules, it is for British regulators to approve the day-to-day activities of British banks. This is a profoundly important role. My Bill is a moderate proposal that seeks to improve accounting transparency to enable that role, because, as Mervyn King has said,

"banks are global in life but national in death".

The Bill could be enacted within the current international regulatory framework.

To explain why this measure is profoundly important, I would like to share with Members an analogy of the banking system. Naturally, it will short-circuit some of the details, but even though it remains necessarily complex. Let us imagine that we discover a little-known territory within the EU on which to establish a colony. Let us call it Ruritania and allow its currency to be pounds. We will establish our fledgling colony with four people: a depositor, Alice, who arrives with £103; a builder, Bob—naturally—an entrepreneur, Matilda; and a banker, Mallory, with a colourful recent past in Iceland and Ireland. Interest rates are 0.5%. Mallory establishes a bank and persuades the other three inhabitants of the importance of a healthy banking system, so Ruritania's constitution contains a limited guarantee from future taxpayers of £10 in favour of the bank. Under central European banking authority devolved rules, Ruritania classifies that guarantee as core tier 1 bank capital, meaning that there is no actual capital, just a taxpayer guarantee.

Alice, seeking to keep her money safe, deposits it in a demand account at the bank. Matilda, the entrepreneur, wants to start a business and approaches Mallory for a loan. The bank retains a supposedly prudent reserve of £3 from Alice's deposit and lends to Matilda, at 7% interest, the remaining £100 of cash deposited by Alice. Matilda then employs Bob, who wants his year's wages up front. She hands over the £100 to Bob, which he deposits in the bank. Let us set aside for the moment the fact that the bank just doubled the money supply of Ruritania, as that issue is dealt with in the Financial Services (Regulation of Deposits and Lending) Bill, introduced by my hon. Friend the Member for Clacton (Mr Carswell), which I was glad to support. The banker now has two liabilities: a deposit of £103 from Alice and a deposit of £100 from Bob. Offsetting those, he has two assets: a 25-year loan of £100 and cash of £103. So far, so simple.

Mallory wants a Ferrari today, which he can buy for £20. His compensation contract is 20% of profits, which is not unusual in banking. He therefore seeks to record an instant £100 profit for his bank, and he knows just how to do that under EU bank accounting rules. He phones an insurer active in the credit derivatives market—let us call it GIA—which agrees to write a derivative known as a credit default swap for a fee of 1% per annum. It is a guarantee of 95% of the loan.

The bank quickly establishes a new company, a special purpose vehicle, which buys the future loan cash flows of £275. The credit derivative is written directly with that new company, the SPV. The SPV finances its purchases by issuing two bonds: a 95% senior bond, rated triple A by two august rating agencies because GIA is so rated; and a 5% junior or equity tranche. The bank buys the two bonds with the £100 cash. The funds then flow back from the SPV to the bank to settle that purchase. That kind of circular flow of cash is commonly used. The result is that the equity tranche of £5 is a deduction from the bank's £10 tier 1 capital. Members will recall that that capital is a future taxpayers' pledge, not hard cash.

Under mark-to-market rules, Mallory, by holding the bond on his trading book, records an instant but unrealised profit of £105. After replenishing his tier 1 capital with £5, he shows that £100 clear profit. That profit has been recorded, even though the bank has not received any income from the loan, and that loan might never be repaid. Mallory the banker is not concerned about that, however; he has his Ferrari. Any shareholders are not concerned either, as the bank also declares an £80 dividend.

The banker and his shareholders have taken £100 of the £103 total money supply of Ruritania, declared it as profit and spent it abroad. Mallory likes mark-to-market accounting and seeks to grow his bank by making further investments. He cannot sell the bond on the open market, so he borrows against it through an arrangement with a central bank, known as a repo. He receives £205 in cash from the central bank, and the central bank has a mortgage on his bond.

Mallory uses the balance as collateral for further bets, such as derivatives with other banks and low-priced Irish bank-issued bonds, in the hope of more fast profits. Unfortunately, his bank becomes insolvent when Matilda misses a loan payment, and it cannot refinance the central bank's funding, so the central bank takes ownership of the bond—Mallory's bank's one decent asset. Depositors ask for their funds, but the bank cannot pay. That could be the crisis of 2014.

On our Ruritanian bank's liquidation, we find that two depositors have claims for £203, but there is only £6 in cash; all the rest had been pledged as collateral and the bank's assets cannot be sold. There happens to have been another freakishly unlikely collapse. Stakeholders had not realised that the bank's one decent asset had been repo'd with the central bank, because it remained on Mallory's bank's balance sheet right up to foreclosure. Mallory, of course, lives happily ever after.

Financial derivatives and certain other "synthetic" investments are governed by mark to market. Banks record a profit or loss in respect of each derivative by comparing the price of the asset or liability in today's market with the value of the position on the last balance sheet date. What is wrong with that? Marking to market enables banks to record unrealised increases in value as profits, but that is not the case with loans. The arbitrage between the different accounting regimes for loans and for derivatives therefore incentivises banks to transact business in derivatives. The fundamental driving force behind the phenomenal growth of the credit derivatives market has been profit acceleration using that accounting arbitrage.

Regulators need to be aware of those exposures in order to help avert any future threats. That requires the publication of accounts with derivatives and other investments recorded at the lower of historic cost and their mark-to-market value. If my Bill becomes law, the ability to declare future hoped-for income as profit today and the rest of the absurd activity that I have described would be restrained.

If we want banks to refocus on stimulating the real economy, we need to change those incentives. I therefore ask the House to support this Bill and, in so doing, to correct one of the most damaging and misunderstood weaknesses of the current British banking system.

Question put and agreed to.

Ordered,

That Steve Baker, Mr Douglas Carswell, Andrea Leadsom and Chris Heaton-Harris present the Bill.

Steve Baker accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 10 June and to be printed (Bill 162).

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): On a point of order, Mr Speaker. The House will have heard earlier the point of order from the hon. Member for Hartlepool (Mr Wright) about the delay in responses to hon. Members' questions from the Department for Education. The whole House should be concerned when there has been a delay, and you, Sir, have made clear your views on the issue.

I have now investigated the matter, and it seems as though there is a specific problem within the Department for Education in that there has been a technical failure in the IT system that it uses to track parliamentary questions. The problem has now been identified and fixed, and officials are working towards providing outstanding responses as quickly as possible. The hon. Member for Gateshead (Ian Mearns) will today have received a letter explaining the delay in those terms. I hope, Mr Speaker, that normal service will be resumed as soon as possible, and I know that the Department would wish to apologise to any Member of the House who has been inconvenienced by the delay caused by these circumstances.

Mr Speaker: I thank the Deputy Leader of the House for what he has said. The situation is clearly both regrettable and unsatisfactory, and it is much to be hoped that it can be avoided in future. However, the speed with which he has investigated the matter will, I think, be appreciated by all right hon. and hon. Members.

Scotland Bill

[3RD ALLOCATED DAY]

Further considered in Committee

[MR LINDSAY HOYLE *in the Chair*]

Clause 38

COMMENCEMENT

New Clause 1

ABOLITION OF REGIONAL MEMBERS OF SCOTTISH PARLIAMENT

'(1) The Scotland Act 1998 is amended as follows.

(2) In section 1—

(a) in subsection (2) "Two members" is substituted for "One member"; and at the end there is inserted "save for those identified in paragraph 1(a) to (c) of Schedule 1, each of which shall return one member,";

(b) subsection (3) is omitted.

(3) In section 5, subsections (1) and (3) to (9) are omitted.

(4) Sections 6, 7, 8 and 10 are omitted.

(5) In section 11, subsection (2) is substituted by—

"(2) A person is not entitled to vote as an elector in more than one constituency at a general election, and may cast no more than two votes at a poll for the return of constituency members.".

(6) In section 12—

(a) in subsection (2), paragraphs (e) and (f) are omitted;

(b) subsection (3) is omitted;

(c) after subsection (4) the following subsection is inserted—

"(4A) The provision to be made under subsection (1) must include provision for—

(a) each elector to cast one or two votes of equal value, with no more than one vote to be given to any one candidate, in constituencies returning two members;

(b) the two candidates with the most valid votes to be elected in such constituencies.".

(7) In Schedule 1—

(a) for paragraph 1 there is substituted—

"(1) The constituencies are—

(a) the Orkney Islands,

(b) the Shetland Islands

(c) the Western Isles [Na h-Eileanan An Iar], and

(d) the parliamentary constituencies in Scotland at the time of an ordinary or extraordinary general election for the Scottish Parliament, except the constituencies of Orkney and Shetland and Na h-Eileanan An Iar";

(b) paragraphs 3 to 14 are omitted.'.—*(Mr Donohoe.)*

Brought up, read the First time, and motion made (14 March), That the clause be read a Second time.

Question again proposed.

The Chairman of Ways and Means (Mr Lindsay Hoyle): I remind the Committee that with this we are discussing new clause 2—*Regional members of the Scottish Parliament*—

'(1) The Scotland Act 1998 is amended as follows.

(2) In section 81, after subsection (2), there is inserted—

"(2A) No provision shall be made under subsection (2) for any allowances for representative work in any constituency or region by a regional member in a registered political party or a group of such regional members; and no allowances may be made for offices or staff or related expenses incurred by such members other than in connection with or at the Parliament's place of meeting or in connection with a committee meeting.

(2B) Any allowances paid to regional members in a registered political party shall be founded on the assumption that they are representatives of that party from the relevant region and not from any single constituency.".

(3) In Schedule 3, after paragraph 2 , there is inserted—

2A The standing orders shall include provision for withdrawing from a regional member in a registered political party any or all of his rights and privileges as a member, including any allowances, if he is found to have purported to act, or has held himself out, as a constituency member for any single constituency or for a group of constituencies other than the region from which he was elected."'.

3.51 pm

Mr Brian H. Donohoe (Central Ayrshire) (Lab): Let me continue where we left off yesterday in discussing new clauses 1 and 2, particularly the question of first past the post being the fairer system—

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Will the hon. Gentleman give way?

Mr Donohoe: I will give way when I have developed my argument one stage further than when I left off. An important aspect of this is that first past the post is the system that is best understood by the electorate—indeed, I would argue, it is almost the only system that is understood by the electorate.

Mr MacNeil: I think that if the hon. Gentleman looks at yesterday's *Hansard*, he will find that we finished where I left off. At 10 pm last night, I was about to ask him what he had against the good people of the Western Isles in wanting to give them only one Member, with every other constituency getting two.

Mr Donohoe: I have always thought that the Member who looks after sheep should be able to count. If he could count, he would know that there are not that many people in the electorate of the Western Isles. In those circumstances, I thought it only fair that there should be just the one Member. As I said previously, there would be one Member for Orkney and one Member for Shetland. That would mean that there would be 118 Members of the Scottish Parliament, all elected on the basis of first past the post. If the hon. Gentleman tells me that I have got the figures wrong, perhaps I need to go back to school to do a bit of arithmetic, but I can tell him that I was one of the brightest children in the school at arithmetic; indeed, I got 100% on many occasions.

However, perhaps one area where I was not very strong was dates, because earlier in the debate I said to the hon. Gentleman that the Scottish elections were on 3 May whereas—he should have corrected me—they are on 5 May.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): Is it the case that the school my hon. Friend attended was so good that it was approved?

Mr Donohoe: It was so good that it was known as Irvine Royal Academy. Anyway, we will move on very quickly from that point.

Mr Alan Reid (Argyll and Bute) (LD) *rose—*

Mr Donohoe: I am sure I can give way to the hon. Gentleman as well.

Mr Reid: According to *Hansard*, just before the hon. Gentleman sat down last night, he said that there would be 119 Members of the Scottish Parliament. He just said that there would be 118. My understanding is that all 59 constituencies, apart from the Western Isles, would have two Members, and that the Western Isles would get one. I think that that makes 117.

Mr Donohoe: I think that we are wandering into maths rather than arithmetic, but the hon. Gentleman is absolutely right. Of course, that would be a saving to the public purse, which is very important. Perhaps one could call it a Freudian slip. I have come to the conclusion that he is right and that the number should indeed be 117, and not 119 as I suggested.

Moving swiftly on—

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op) *rose—*

Mr Donohoe: I do not think I am going to be allowed to move on swiftly.

Mark Lazarowicz: Surely with the passage of the Parliamentary Voting System and Constituencies Bill, which will reduce the number of parliamentary constituencies, the correct figure would in fact be 103.

Mr Donohoe: If the hon. Gentleman intervenes again to give me some understanding of that point, I might be able to accede to it.

The Parliamentary Under-Secretary of State for Scotland (David Mundell) *rose—*

Mr Donohoe: Oh, there we are. The Minister is now popping up.

David Mundell: Perhaps I might help the hon. Gentleman. My calculation is that there would be 101 Members. After the passage of the Parliamentary Voting System and Constituencies Bill, there will be 52 constituencies in Scotland. If each had two Members, there would be 104. However, there are three constituencies that he feels should have only one Member, although my reading of new clause 1 is that people would still have two votes. There would therefore be 101 Members in the new Scottish Parliament. Does he think that that would be sufficient to conduct the Parliament's business?

Mr Donohoe: The Minister has made my point very well in relation to making savings, which is the next point that I want to make progress on, if I may.

Mr Mike Weir (Angus) (SNP): Will the hon. Gentleman give way?

Mr Donohoe: Of course I give way to the hon. Gentleman.

Mr Weir: Will the hon. Gentleman clarify whether he is talking about Westminster Parliament constituencies or Scottish Parliament constituencies, because the numbers are different? There are 59 Scottish Parliament constituencies, but once the Parliamentary Voting System and Constituencies Bill has been passed there will be only 52 Scottish constituencies for the Westminster Parliament.

Mr Donohoe: That is common sense, if I may say so. When I made the calculation to put together my submission to Calman, we did not have this nonsense of reducing the number of MPs in this place. That idea is patently stupid in Scotland. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), who is present, will know that the area he represents will become even more enormous under these calculations than it is. Perhaps the Independent Parliamentary Standards Authority should visit him to check out what his expenses should be in those circumstances. However, I digress somewhat.

I shall return to the issue of savings and first past the post. It is clear from this debate that there is a case to be made for this idea. It is clear from the number of public representatives on the London assembly that there can be adequate government for a population double the size of Scotland's with some 30 members. Given the responsibilities in London, one would presume that it was possible to run the Scottish Government with the numbers that I propose.

Mr MacNeil: The hon. Gentleman wants to reduce the number of parliamentary representatives from Scotland. Will he lead by example and suggest that Scotland no longer needs to send any MPs to Westminster, because Scotland should be independent and all powers pertaining to Scotland should be moved from Westminster back to Scotland?

Mr Donohoe: The first people who could go in these circumstances are, of course, the nats. That would be very useful. I am surprised that only four of their six Members are here today. However, looking at the Labour Benches, perhaps I should not argue that point too forcefully.

To return to my serious argument, first past the post is the most sensible system on the basis of turnout. If we look at the turnout at elections—today I had the good fortune of having the Library do so—we see that there is no doubt that we, as a group, need to reconnect with the public. It is highly probable that we will go below 50% turnout at this year's Scottish elections. In the 2007 election, the turnout was just above 52%. In the election to the Westminster Parliament last year, the figure was just under 64%. On that basis, we should consider the matter seriously.

4 pm

Just 100 years ago, when elections in this country were taken very seriously, the turnout in the UK election was 86.8%, and even in Scotland it was 84.7%. I know that that was in 1910, but it was the complete opposite of what is going on today. I argue, and will argue till the coos come hame, that unless and until we reconnect with the public, the downward trend will continue. If turnout goes below 50%, as is highly probable, what mandate will there be?

Mr Greg Knight (East Yorkshire) (Con): Is the hon. Gentleman therefore arguing in favour of a system rather like the Australians have, in which people are fined if they do not exercise their right to vote?

Mr Donohoe: I am grateful for the intervention, but I disagree with the idea of compulsory voting and fines. I have been to Australia to examine the system, and it just does not work as it should, so I would not advocate it. In Africa, however, people queue for weeks before an election to cast their vote, and we should have some of that attitude in this country. I do not think we will ever get it unless we reconnect with the public, and certainly not if we continue to have list Members north of the border.

That brings me neatly to new clause 2. If there is to be no change to the voting system, we have to consider the role of the list Members in the Scottish Parliament. We must seriously consider withdrawing the funding that is currently available to them, which allows them to come into constituencies to cherry-pick and cause mayhem.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): Does my hon. Friend share my concern, which has been a consistent concern in Scotland, that at various times list Members appear to have promoted themselves as constituency Members? Does he agree that that must be tackled as a matter of priority? Does he further understand that in the spirit of the Scottish Parliament rules, it was anticipated that regional list Members would notify constituency Members whenever they took up casework? In my almost 12 years as an MSP, it was very rare—

The Chairman: Order. I know that this debate is very important, but may we have shorter interventions?

Mr Donohoe: There is no one in the House who knows the system north of the border better than my hon. Friend, because she was an MSP, and still is until, I think, the 24th of this month.

Cathy Jamieson: The 22nd.

Mr Donohoe: I was two out again. I am not doing so well in that sense.

Graeme Morrice (Livingston) (Lab): Following on from the point made by my hon. Friend the Member for Kilmarnock and Loudoun (Cathy Jamieson), is my hon. Friend the Member for Central Ayrshire (Mr Donohoe) aware of the recent case in which a regional list MSP for Central Scotland was claiming to be almost a constituency MSP for Airdrie and Shotts, to the extent that he had surgery posters with "Airdrie and Shotts" on them? The regional area that he covers is, of course, much larger. I suspect that it was done for electoral reasons, with his being the SNP candidate for the Airdrie and Shotts Scottish parliamentary constituency.

Mr Donohoe: Of course I agree with my hon. Friend, and I shall return to that point.

Fiona O'Donnell (East Lothian) (Lab): I can tell my hon. Friend that I barely slept last night waiting to make this intervention. Will he at least acknowledge that the current system came about as a result of a consultative process—the Scottish Constitutional Convention—which the Committee should respect?

Mr Donohoe: My hon. Friend may not have slept last night, but what does she think of the fact that I have had to come back here to continue this debate? I will come back to her point later.

Mark Lazarowicz: I disagree with much of what my hon. Friend said yesterday and today, but I concede his point on the role of list MSPs. One list MSP in my area just produced her annual report. By some amazing coincidence, almost every single example of her local work over the last year happens to be from the constituency where she is standing as a constituency candidate.

Mr Donohoe: On the basis of conversations with other hon. Members, there is universal agreement that something is fundamentally wrong with that aspect of list Members. Even a previous Presiding Officer has made that point on numerous occasions in the Scottish Parliament. That is a pertinent issue and it must be given serious consideration, which is why I have proposed new clause 2, which would withdraw funding. Withdrawing the funding available to added list Members would lead to significant savings for the Scottish Parliament. If my arithmetic is correct, there are 56 added list MSPs, given that 73 MSPs are elected for constituencies—I believe my figures are right on this occasion.

Mr Mark Field (Cities of London and Westminster) (Con): Does the hon. Gentleman share my concern that, fundamentally, list Members are representatives only of their parties? In new clauses 1 and 2, he is seeking to reconnect MSPs with constituents. Under the first-past-the-post system, MSPs must recognise that they represent each and every one of their constituents, including—and in many ways more importantly—those who did not vote for them, which is in stark contrast to list Members.

Mr Donohoe: I agree entirely with the hon. Gentleman, who is my MP, as he knows. I came into Parliament thinking that I was a Labour MP, but over the years I have come to understand that I represent not just Labour voters but 100% of my constituents, including those who vote and those who do not vote. I have always taken that view. The hon. Gentleman makes a good intervention, and I am grateful for it, but I do not know what it has to do with the subject in hand.

If one accepts that list Members are not to make representations on behalf of individual constituents, the question is why do they advertise constituency surgeries? On one occasion, such a Member, who will remain nameless, advertised a surgery in my constituency. I was not very pleased, so I decided to look through all the files in my office—some 2,500 files—for some awkward cases. I decided I would phone those awkward cases and tell them that this individual was having a surgery in Irvine, and that they should attend because he made such a good MSP. Seventeen people trooped to his surgery, and he never did a surgery in Irvine again. That is the practical way to overcome the problem of added list Members in the Scottish Parliament. If anyone wants a wee bit of encouragement to do likewise, I am more than happy to oblige.

Mr MacNeil: I was wondering whether the awkward cases had already been sent to the hon. Gentleman.

Mr Donohoe: No, I already had the awkward cases and knew all about them. Every single Member in this place—even those who came in last year—will be well aware of the cases that they would like to palm off. It might be that we could find a role for those list Members and send them all over the UK to take up these awkward cases. I might be one of those who would advocate that—but not today, because we are here to debate new clauses 1 and 2.

My final point concerns what happens when a list Member dies in office. Of course, that is unfair on the individual, although they would no longer worry about it; but there is also an unfairness in the system, as we have seen—believe it or not—in Ayrshire: a Member of the Scottish Parliament resigned and a member of the constituency party was put in their place, but that Labour member was not elected and a Tory took their place. Had it been a list Member who resigned, however, under the list system the next person on the list would have been appointed as a Member of the Scottish Parliament.

Cathy Jamieson: To clarify, does my hon. Friend agree that it makes no sense that everything else in the Scottish Parliament is done by proportionality and d'Hondt? This is the one area where that does not seem to apply.

Mr Donohoe: That is a discussion for another day, but it is a very pertinent point—and one that a lot of people do not understand. A lot of people do not understand this crazy list system. As I have said, if a constituency Member resigns, a by-election is triggered, and whatever happens the democratic process takes place. However, if a list Member dies, retires or resigns, they are replaced by somebody on the list, which is absolutely outrageous. The Labour party is concerned to have a gender balance, but this system destroys that possibility.

Thomas Docherty (Dunfermline and West Fife) (Lab): My hon. Friend is making a compelling and fascinating case. He might be aware that when the Minister moved to Westminster, his replacement was simply appointed by the Tory apparatchiks without any democratic mandate.

Mr Donohoe: I am sure that the Minister can speak for himself and tell us why he thinks that this aspect of the list system is fair. I shall wait to see whether he has a contribution to make on that point.

Mr Mark Field: The same point applies to the London assembly, and it is slightly more serious even than he has pointed out. Certain roles, such as being a member of the London assembly, disbar a person from holding a dual mandate in Parliament. As the hon. Gentleman rightly says, however, for list members of the London assembly, that change can take place without any difficulty, but for a first-past-the-post elected member—one of the 14 of the 25 in that category—there needs to be a separate election. I agree that it is a fundamental stupidity of the system that needs urgent reform, but it is not exclusively an issue for the Scottish Parliament.

Mr Donohoe: I am extremely grateful to my Member of Parliament for raising that point. Of course it is a serious point and it has to be addressed, because it causes dissent and demonstrates that the list system in Scotland does not—and will not—work, and is not seen as fair.

Fiona O'Donnell: I thank my hon. Friend for being so generous in giving way. I know that he would never be partisan, but surely he can see the benefit for the thousands of people in the highlands and islands region who vote for Labour candidates, and who, thanks to the system, have three excellent candidates in Peter Peacock, Rhoda Grant and David Stewart.

Mr Donohoe: Well, I got one out of three, so I did not do too badly. I bet that if I asked the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) to name his seven list Members—or even the 24 in my constituency—he would be lucky to name three of them. But I will give way, if he is going to reel them off. *[Interruption.]* He has it on his website! That is a bit of a cheat, would you not say, Mr Hoyle? Anyway, I am coming to the end of my contribution, you will be glad to know.

4.15 pm

Stewart Hosie (Dundee East) (SNP): I am sorry that I was not in my place for the start of the hon. Gentleman's contribution, but I have been following most of it. I am unhappy about Members of the Scottish Parliament being named when they are not here to defend themselves. As for the three people mentioned by the hon. Member for East Lothian (Fiona O'Donnell), will the hon. Gentleman tell us whether one, two or all three of them as list members also intend to stand in the first-past-the-post election? If so, that would pose a very interesting question.

Mr Donohoe: The hon. Gentleman raises a pertinent point—one that my individual constituency voted on and came to a unanimous decision. I stress that this is on the basis of a vote only in my own constituency, but not a single person in the constituency party was in support of any added list members also standing for a particular constituency. I mentioned that earlier when I spoke about a person who came fourth in the first-past-the post election in my constituency finding herself in Parliament. That does not make sense, and I doubt whether the hon. Gentleman would say that it made sense.

Let me conclude. This is an important subject for the chattering classes, but it is not very important to the great bulk of people in Scotland—or, for that matter, anywhere in the United Kingdom. One thing is certain: electoral systems do not put food in bairns' stomachs or jobs into the homes of people who most need them in order to put that food in bairns' stomachs. I suggest that it is therefore more important for us to argue against and probe Ministers daily on the state of the economy. However, we are where we are; and we are debating what we are. That is why I thought it right to table these two new clauses for debate.

I want fairness: it is something I came into politics for. I have always believed in fairness and I believe there is no doubt, as conceded in this debate, that there is no accountability for these list members. My two new clauses thus have considerable merit, but I shall listen carefully to how the debate continues.

Mr Reid: It will come as no surprise to the hon. Member for Central Ayrshire (Mr Donohoe) that I will not support his new clause. He ended by talking about fairness, but that goes to the hub of the debate. What is unfair about his system is that it would gerrymander the voting system in favour of one party—his own, the Labour party. It is an extremely unfair system. That is what the debate should be about, but the hon. Gentleman did not touch on that anywhere in his contribution.

Thomas Docherty: I am fascinated by the hon. Gentleman's new-found passion for stopping gerrymandering. Will he remind us why he voted last week to give the Isle of Wight two seats?

Mr Reid: The Parliamentary Voting System and Constituencies Bill was—

Thomas Docherty: Gerrymandering.

Mr Reid: It was a product of the coalition agreement. I was in favour of the first part of the Bill; I did not like the second part, but we made a coalition agreement. The Liberal Democrats liked part 1; Conservative colleagues liked part 2, but not part 1: that is what compromise and coalition is all about.

The hon. Member for Central Ayrshire also said that people did not consider the voting system to be important. People may not be aware of the intricacies of the voting system, but the people of Scotland overwhelmingly voted in the referendum for a proportional voting system, so that is important to them. It was endorsed by the Constitutional Convention, of which the hon. Gentleman was a member, and then, as I say, by the people of Scotland in a referendum.

Sheila Gilmore (Edinburgh East) (Lab): Does the hon. Gentleman agree that there is a particular problem with the party list system? Many advocates of proportional representation argue that it will make people more accountable. The experience of the system in Scotland, however, has been that some people can bounce backwards and forwards from being constituency MSPs to being top of their party list—and back again, or not—so the public has little chance of dislodging them unless the party does. Might there not be a better list system than the party list system?

Mr Reid: That is a fair point. I am fully in favour of proportional representation, but every electoral system can be improved. One way of improving this system would be to move from closed to open lists, which would give the electorate a choice. Another reform is also possible: if cherry-picking of constituencies by regional list Members is considered to be a problem, we can adopt the system in Wales whereby no one can stand both for a constituency and on the regional list. That would remove the problem of cherry-picking at a stroke, because there would be no advantage for a regional list Member in cherry-picking a particular constituency.

Fiona O'Donnell: Does the hon. Gentleman agree that we have already seen improvements, such as the removal from the list of the vanity party that was "Alex Salmond for First Minister"?

Mr Reid: That was certainly an important reform of the electoral system.

Mr MacNeil: Removing choice?

Mr Reid: If the SNP wants to call itself Alex Salmond for First Minister, it is perfectly entitled to do so. What it cannot do is confuse the electorate by having two names. One minute it is called the Scottish National party; the next minute it is called Alex Salmond for First Minister. If only SNP members would make up their minds on what they want their party to be called.

Mr Weir: What the hon. Gentleman is saying is very interesting. I seem to recall that his party registered the name "Ming Campbell's Liberal Democrats", but, surprisingly, did not use it at the general election.

Mr Reid: I think that the law was changed.

I understand that the hon. Member for Central Ayrshire chairs the all-party parliamentary group for the promotion of first past the post. He has continually extolled the virtues of the first-past-the-post system, but that is not my understanding of what his new clause actually means. I think that it would be more accurately described as promoting "first two past the post".

Mr MacNeil: Does the hon. Gentleman agree that at least the alternative vote gives true believers in first past the post an opportunity to practise it? They can use their votes only once if they want. They can write "1", or "X", and not use any subsequent numbers. It is possible to use first past the post under an AV system, but the reverse is not the case.

Mr Reid: The hon. Gentleman has made a good point.

Mr Donohoe: I am going to have to accuse the hon. Member for Argyll and Bute (Mr Reid) of cherry-picking. He has read only part of my new clause. His problem can be solved by paragraph (b) of the new section (4A) proposed in subsection (6), which requires provision for

"the two candidates with the most valid votes to be elected in such constituencies."

Mr Reid: Exactly. The two candidates with the most votes are the first two past the post. That is not first past the post. I think that the hon. Gentleman is signalling "two" to me. I will assume that that is what his gesture means, Mr Hoyle.

The Chairman of Ways and Means (Mr Lindsay Hoyle): I think that the hon. Member for Central Ayrshire (Mr Donohoe) was signalling "first two past the post" and nothing more. I am reassured, am I not, Mr Donohoe? Yes.

Mr Reid: Thank you for that clarification, Mr Hoyle.

In these constituencies two Members will be elected—the two who receive the most votes. That is not first past the post; it is first two past the post. I do not think that the hon. Member for Central Ayrshire understands his own new clause.

Graeme Morrice: My understanding of the system is that there are two candidates, and therefore two votes. Of course that is based on first past the post. It is not dissimilar to the system that applies to local government elections in England when there are several candidates for several seats within a multi-member ward and electors have several Xs to put on a ballot paper.

Mr Reid: That is correct. However, two Members are elected: the first two. That is not first past the post.

The hon. Member for Central Ayrshire criticised the system for election to the Scottish Parliament in which the person who finished second in the constituency might still be elected on the list, but the same would apply under the strange system that he has come up with in the new clause.

Graeme Morrice: The hon. Gentleman has got this wrong. There would be two candidates—there could be two Labour candidates standing, or two Lib Dem, Tory or Scottish National party candidates—and the electors would have two votes. I would vote twice, and put down two crosses for two Labour candidates. There is not a second candidate, therefore; there are two firsts, and the electors have two votes—the two crosses.

Mr Reid: Yes, but some people might not vote for party tickets. This system is used in English local government elections, and it is very uncommon for the first two candidates to get exactly the same number of votes. One will finish first, and another will finish second, and sometimes where there is a close result candidates from different parties get elected.

Mr Donohoe: Even under the first-two-past-the-post system, it is highly possible that if a party candidate is unpopular for any reason, the electorate will choose one candidate from one party and another from a different party.

Mr Reid: Yes, that is possible, but there would still be two people elected, and the hon. Gentleman objected to having more than one person representing a constituency. He expressed objections about regional list Members holding surgeries in his constituency, but under the system he proposes there will be two people representing every constituency, so there are the same possibilities for disagreements and people duplicating casework. I find it illogical that the hon. Gentleman extols the virtues of first past the post, but proposes a different system.

The first-past-the-post or the first-two-past-the-post system could be very unfair. In the last Scottish Parliament election, the SNP got the most votes, and it rightly got the most seats. Let us consider what would have happened if we had adopted first past the post, however. In the constituency section, the SNP got 33% of the vote and Labour got 32%, but Labour won more than half the first-past-the-post seats—37 out of the 73 seats. Therefore, if we had purely been using a first-past-the-post system, even though the SNP was the clear winner of the election, the next morning we would have found we had a Labour Government with an overall majority, having more than half the seats.

Mr MacNeil: Disgraceful.

Mr Reid: The hon. Gentleman takes the words out of my mouth: it would have been disgraceful gerrymandering if the first-past-the-post system had been adopted in that election, because in an election where the people voted for the SNP there would have been a Labour Government—and not just a minority Labour Government, but one with an overall majority. What is unfair about first past the post and first two past the post is that what counts is not the number of votes a party gets, but how they are distributed.

Mark Lazarowicz: Does the hon. Gentleman accept that if we do the electoral calculations, it is clear that had the AV system been in operation for the Scottish Parliament, the Labour majority would have been even higher?

Mr Reid: There is no way of predicting what would have happened, because we do not know how people would have used their later preferences. The hon. Gentleman's analysis is of interest, but I do not think we can make any such assumption.

Fiona O'Donnell: Does the hon. Gentleman agree that, once again, the constitutional cuckoo, the SNP, has benefited from a system drawn up by the Scottish Constitutional Convention, with which it did not even engage?

Mr Reid: I was certainly disappointed that the SNP did not engage, but it benefited from a system that had widespread support throughout Scotland and was endorsed by the Scottish people in a referendum.

Mr MacNeil: I am listening closely to the hon. Gentleman's arguments, and it is clearly game set and match against first past the post. In response to the point of the hon. Member for East Lothian (Fiona O'Donnell), does it not make the SNP victory all the better given that we won by a set of rules we did not even design?

4.30 pm

Mr Reid: The SNP won because the election was fought on a fair set of rules—I hope that the hon. Gentleman will give the Liberal Democrats credit for participating in the Constitutional Convention and arguing and negotiating with the Labour party to get a proportional system. If his party had not gone off in a huff and had instead taken part in the Constitutional Convention, we might have got an even better system. He should be thanking the Liberal Democrats for the efforts we made.

The hon. Member for Central Ayrshire was arguing that one of the flaws with the current system relates to the number of MSPs who can turn up at health board meetings in Ayrshire and Arran—he cited a figure of 24. We have had arithmetical disputes before, but I calculate that 26 MSPs could attend. I have good news for him because the Boundary Commission has drawn up the new boundaries for the next elections and only 19 MSPs will be able to turn up to those meetings. However, he does have a point, and if he looks at the Arbuthnott report, he will find where a solution lies.

Sir John Arbuthnott's report was set up by the previous Government to examine the problems of non-coterminosity. He proposed that we should make the regional list

[Mr Reid]

boundaries natural boundaries, rather than have the current unnatural boundaries. So, for example, the whole of Ayrshire would be covered by one regional list. There was a lot to be said for Sir John's report. I did not agree with every part of the detail, but it was a pity that the previous Government did not take it more seriously. Importantly, the Arbuthnott commission said that when the overall result is proportional, it is less important that individual constituencies and individual regional lists all have the same number of electors than it is in a first-past-the-post system. As the final result will be proportional, it is less important for each constituency and list to be the same size. It would, thus, be better if the regional list boundaries for Scottish Parliament elections were drawn up first and constituencies were then fitted within the regional lists. That would allow us to get regional lists that are much closer to natural boundaries than the current system does.

Mr Donohoe: Will the hon. Gentleman concede that the biggest problem, in a party sense, of not having coterminous boundaries is that there is no accountability in respect of the list members, and that cannot be overcome on the basis of what he has just proposed?

Mr Reid: If the boundaries for the lists were natural ones, we would have much more accountability. For example, Ayrshire could be put with Dumfries and Galloway to form one regional list and we could, thus, have a much more natural boundary in south-west Scotland than we have at the moment.

Mr Davidson: I am listening with interest to what the hon. Gentleman is saying. He is arguing that if we have natural boundaries for the regional seats, it does not matter what size the individual constituencies are because we would have fairness overall. Such an approach would be very much to the benefit of the party, as it is a very party-focused means of coming to an arrangement. The parties would be doing okay, but we could have an enormous discrepancy in the "share" that any individual voter has of an MSP. I could be in a seat where there are 100,000 electors, whereas Orkney has just 14,000 electors, and clearly it would be expected that the person with only 14,000 people to represent would provide a much better service.

Mr Reid: That is a fair point. I would not propose having constituencies with anywhere near as many as 100,000 electors. Off the top of my head, I recall that the average Scottish Parliament constituency has about 55,000 electors, so the figure used would be close to that. Having individual constituencies that represent natural communities would make the work of the individual MSP much easier, because they would be representing a natural community, rather than a constituency that crosses a council or health authority boundary.

My preference would be to have the Parliament elected by the single transferable vote system in multi-Member constituencies—the same system that we use for local government. All MSPs would then be equal and we would not have the problem of conflict between constituency and regional list Members. I also outlined earlier how we could improve the present system. The important thing, however, is that we must have a proportional system in the Scottish Parliament. That is the only fair way for the whole of Scotland to be represented in the Parliament. It is what the Constitutional Convention agreed and what the Scottish people voted for in the referendum, so I urge the Committee to reject this backward-looking new clause and not to overturn the settled will of the Scottish people.

Pete Wishart (Perth and North Perthshire) (SNP): I do not think that anybody in this House can doubt the tenacity of the hon. Member for Central Ayrshire (Mr Donohoe) on this issue. In the course of the past 12 years or so, he has been absolutely consistent in his contempt for list Members of the Scottish Parliament and the whole concept of proportional representation. I am sure that what he says about there being a large constituency for his views is true and I certainly saw a lot of people nodding along with his speech. I want to explore the issue today to try to see what level of support there is for his views, particularly in the Labour party.

The amendment was tabled in the name of the hon. Member for Central Ayrshire and in the names of five of his hon. Friends—a substantial and significant amount of Scottish Labour Members. An awful lot of Scottish Labour Members support the notion that this House should dictate the membership and voting arrangements for the Scottish Parliament. He also says that there is more support in the Labour movement more widely. If that is the case, it alarms and shocks me and we should hear more about it. If a substantial minority—

Mark Lazarowicz *rose—*

Fiona O'Donnell: Will the hon. Gentleman give way?

Pete Wishart: I will give way to the hon. Member for Edinburgh North and Leith (Mark Lazarowicz) first.

Mark Lazarowicz: I think that my hon. Friend the Member for East Lothian (Fiona O'Donnell) and I are going to make the same point. Arguments can be made—I hope to make them in a moment—against the exposition laid out by my hon. Friend the Member for Central Ayrshire (Mr Donohoe), but if the hon. Member for Perth and North Perthshire (Pete Wishart) is going to start playing the numbers game—we have had enough mathematics and arithmetic in the past hour or so—five out of 41 means just under one eighth of the Scottish Labour MPs, or less than 12.5%. Let us not overdo that argument.

Pete Wishart: I am grateful for that intervention, but it still seems an awful lot—almost an eighth, and there are six signatories. It also seems to me that the numbers are growing. I saw the heads nodding in agreement with the hon. Member for Central Ayrshire and I suggest and suspect that he has growing support. If he remains tenacious on this issue, his view might prevail in the Labour party. That is the direction in which things are going and that is what we are beginning to see.

Fiona O'Donnell *rose—*

Pete Wishart: I think that we have heard this point; is it on the same issue?

Fiona O'Donnell: It is.

Pete Wishart: Oh, go on then.

Fiona O'Donnell: I appreciate the hon. Gentleman's enthusiasm for the subject. If I might help him with the maths, the equivalent proportion of Scottish National party Members would be seven eighths of one MP.

Pete Wishart: We really are having arithmetic and mathematics lectures today.

I think that the momentum is with the hon. Member for Central Ayrshire. Opinion is moving in the same direction as him and I think it is starting to go with him. I looked around and saw some of the enthusiasm from some of his hon. Friends this afternoon and I think the Labour party has a genuine problem. I have a solution, however, Mr Hoyle, in which you might be interested. I understand that the Labour party is holding an important conference this weekend, so the hon. Gentleman should get a day return—not the Caledonian sleeper—up to Oban and have this debate with the Labour party. The Scottish people need to know what the Labour party is doing.

I believe that the Labour party is split from top to bottom on this issue and that has to be resolved. I know that up at Oban it will be the usual whinge-fest.

Graeme Morrice: The SNP has a preoccupation with the Labour party; why does not the hon. Gentleman simply address the issue?

Pete Wishart: I am offering a solution so that the issue can be resolved and fixed up once and for all. The Scottish people want to know what the Labour party thinks. Labour designed this mechanism; let us see what it thinks about it now.

Mr Davidson: The hon. Gentleman has suggested that my colleague, my hon. Friend the Member for Central Ayrshire (Mr Donohoe), should take a train to Oban. The hon. Member for Perth and North Perthshire (Pete Wishart) is so up to date with current political affairs that he is unaware that the Labour party conference is in Glasgow. I would be grateful if he explained to us exactly how being in Oban would help my colleague to explain to his friends, meeting in Glasgow, why they should change their policy?

Pete Wishart: We are having a few difficulties with trains in this Committee. First there was the Caledonian sleeper and now there is this train to Oban. I will, of course, apologise to the hon. Member for Central Ayrshire. I say to him: "Take the train to Glasgow for goodness' sake, but whatever you do, take that train, because we need to know the settled will of the Labour party in all this." I suspect that the sentiment and views expressed by the hon. Gentleman are gaining currency in the Labour party—

Mr Donohoe: And in the Tory party.

Pete Wishart: He says that—

Mr Davidson: And with the Liberals.

Pete Wishart: People are nodding their heads. I detect that this is becoming a real issue. Frankly, it scares and alarms me if that is the debate within the Labour party. Whether it is a substantial minority or a majority within the Labour party who feel this way, the Scottish people need to know about this. They need to be aware that this is the Labour party's intention. These two new clauses are totally wrong and it is appalling if a substantial minority in the Labour party believe this is the way forward. They would remove one of the central pillars of the Scottish Parliament—its internal democracy. They would remove all the proportionality that has been agreed and is the settled will of the Scottish Parliament.

Fiona O'Donnell: Will the hon. Gentleman give way?

Pete Wishart: I have given way to the hon. Lady already, so I will move on.

The hon. Member for Central Ayrshire and many of his colleagues want to return to the good old days of the old Glasgow council, when 69 Labour members, out of 79, were elected on 48% of the vote. That is democracy Labour-style—90% of members on 40% of the vote. Thank goodness we will not be going back to that. People are saying that is right and that it is what they want and I believe that that underpins all these measures—the Labour party benefiting massively from first past the post.

In the past few years, this issue has consistently come up. In the 10 years that I have been in the House, we have had these debates about Arbuthnott and other matters. We were told that we could not call the Scottish Government a Government and that we had to call them the Scottish Executive. I remember the days of the timid, unadventurous Labour Executive, always casting their eyes southwards to London, awaiting orders, instructions and directions about what to do, but those days have gone. We now have an SNP Government in Scotland and we will never again have the House of Commons clicking its fingers and the Scottish Parliament doing that dance. I look forward to that.

The Chairman of Ways and Means (Mr Lindsay Hoyle): We are moving completely off the new clause and I think we ought to get back to it. I know that the hon. Gentleman has been tempted by all the interventions, but we ought to stick to the new clause.

Pete Wishart: I am grateful, Mr Hoyle.

I do not think that the signatories to the new clauses singularly loathe the additional member system—they also loathe the single transferable vote for local government in Scotland and everything to do with proportional representation.

Graeme Morrice *indicated assent.*

Pete Wishart: That is their view. They want the death of PR in Scotland.

A few interesting things came out of the hon. Member for Central Ayrshire's contribution, the most interesting of which was about list Members. I think he has to take this up with the Labour list Members in the highlands, in north-east Scotland and in mid-Scotland and Fife. I know that SNP list Members are particularly active within the larger constituencies and do a fantastic job.

Mr Donohoe: I shall try to be as quick as possible. I did not touch on this in my speech, but does not the list Member have to notify the constituency Member before they come in on a case or make notification of it? In the 12 years of the Scottish Parliament, in Ayrshire there has not been a single case brought to the attention of a constituency Member.

Pete Wishart: The hon. Gentleman will have had his own experiences with these issues.

An hon. Member has pointed out that there have been problems with list Members on a couple of occasions, but I am surprised that it is only a couple of occasions. List Members seem to co-exist with first-past-the-post Members on reasonably good terms. I recognise a number of issues and problems that have been identified by a number of Members.

Graeme Morrice: Further to my intervention earlier in the debate, is the hon. Gentleman aware of the situation of one Scottish National party MSP, Alex Neil, who was admonished by the Presiding Officer of the Scottish Parliament for giving the impression, despite the fact that he is the regional list MSP for Central Scotland, that somehow he was a local constituency MSP for Airdrie and Shotts, which has its own directly elected constituency MSP?

4.45 pm

Pete Wishart: It seems that the hon. Gentleman feels it necessary to name others who cannot defend themselves in this House.

As I said, I am astounded that there have been so few such issues. That case is probably notable because it has happened so rarely. First-past-the-post Members have co-existed with regional Members in a friendly and consensual way. That is a feature of the Scottish Parliament that will continue.

The hon. Member for Livingston (Graeme Morrice) is right. There are difficulties identifying Members of the Scottish Parliament. I find it difficult to recognise first-past-the-post Labour Members in the Scottish Parliament, particularly those on the Front Bench, and I think the Scottish people have great difficulty recognising a number of them, too.

Mr Donohoe: Name the MSPs.

Pete Wishart: I will name one MSP with lofty ambitions. He has the ambition to be the First Minister of Scotland. When he went out there, we found that 50% of the Scottish people did not recognise him, and another 33% just did not like him.

Fiona O'Donnell: I wonder which party in Scotland the hon. Gentleman would say has the best record on constitutional reform—the parties in the Scottish Constitutional Convention, Labour and Lib Dems who delivered STV for local government, or an SNP Government who could not even deliver a referendum.

The Chairman of Ways and Means (Mr Lindsay Hoyle): Order. That is not relevant to the new clause either.

Pete Wishart: The point was well made. The voting mechanism was not designed by the SNP, but we still won, which was remarkable. We hear Labour Members of Parliament down here disparage and knock the current arrangements. Those are their arrangements. When the Liberals were arguing in the Scottish Constitutional Convention—hon. Members may correct me if I am wrong—they would probably have been arguing for STV. That would be the preferred option. AMS was Labour's system, which the Liberals agreed with in order to ensure proportionality. For Labour Members to make such a fuss about AMS now is a bit rich, given that it is their system. Our preferred system, if the hon. Lady wants to know, is full single transferable vote. That is what we want for Scotland.

Mr Weir: Does my hon. Friend notice a pattern? I understand that the Labour Front-Bench team is in favour of AV for this place, but many Labour Back Benchers are not.

Pete Wishart: I am sure that Mr Hoyle would not allow me to be tempted into discussing AV, but the mess that Labour Members get into when dealing with voting arrangements dumbfounds me. They seem to be for and against AV, just as they seem to be for and against proportionality in the Scottish Parliament. They are split from top to bottom on both issues, and they will be found out when they are questioned on the subject in the next few weeks.

Thomas Docherty: I appreciate that as the SNP's Chief Whip, the hon. Gentleman believes in absolute loyalty to a single position. It might help him to understand that we have a free vote on the issue because we believe in a broad consensus.

Pete Wishart: I am no longer the Chief Whip, but I thank the hon. Gentleman for promoting me back to that distinguished role. I look forward to the outcome of a free vote in the Labour party. It will be fascinating. We will pay keen attention to who supports the hon. Member for Central Ayrshire in all this. I hope they are true to their convictions—*[Interruption.]* Oh, it is not a free vote, we hear.

The Chairman of Ways and Means (Mr Lindsay Hoyle): Whether or not Labour Members have a free vote is not relevant to new clause 1. Let us get back to the new clause, and I am sure Mr Wishart would not want to keep repeating himself.

Pete Wishart: Indeed, Mr Hoyle. I hope I was not repeating myself, but I was interested in that free vote concept. I would love to have seen a free vote on the matter under discussion. I hope that the hon. Member for Central Ayrshire will press the new clause to a Division so that we get an opportunity to see who is for and who is against. Labour is totally split on the issue, and the Scottish people need to see where the Labour party is in all this. We in the SNP will of course oppose the new clause, because we believe in fair votes and in the right of the Scottish Parliament to make its own decisions and arrangements on voting and membership. That is how normal, self-respecting Parliaments do their business.

Mark Lazarowicz: I am sure that you will be pleased to hear that I intend to address the new clause, Mr Hoyle.

I want to put the case against what my hon. Friend the Member for Central Ayrshire (Mr Donohoe) has proposed, and to put the case for a system of proportional representation for the Scottish Parliament. The current system should be retained. We could have an interesting academic argument about whether to have the additional Member system or a different form of PR, but AMS is the proportional system that we have now in the Scottish Parliament, and I want to defend that system. Overall, it has worked well, and it should be retained in the interests of Scotland.

The first argument in favour of that system—or, indeed, any system of PR for the Scottish Parliament—is about fairness. I agree with the hon. Member for Argyll and Bute (Mr Reid) on that. Some people seem to take the view that fairness is a luxury for politicians. I do not accept that—fairness is something that we should all be concerned about. Any system in which the seats that one party wins can be grossly disproportionate to the votes that it gets is an unfair system. We have seen some of those distorting effects at the UK level, but at the Scottish level the first-past-the-post system could have much more disproportionate effects, precisely because of the multi-party system in Scotland. We have four parties in Scotland which, according to the opinion polls, get 6% or more of the vote—if we were to add the Lib Dems and their 5%, we would have a five-party system. With that breakdown between the parties, it would be quite feasible for a party with just 30% of the vote to get an absolute majority in the Scottish Parliament. Whatever our perspective might be, that cannot be justified or defended.

Some of my right hon. and hon. Friends take the view that because—as they believe—Labour tends to gain under that disproportionate system, we should support first past the post against any form of proportional representation. However, I do not accept that first past the post always benefits the Labour party. I am old enough to remember the 18 years of Conservative Government, when the Conservatives, never with the majority of the votes cast, nevertheless had a majority of the seats in Westminster, and sometimes a very large majority, so Labour does not always gain from the first-past-the-post system.

It would also be dangerous for my Labour colleagues or anyone else to assume that first past the post would always benefit Labour in Scotland. As the Liberal Democrats have discovered, no party can assume that its recent levels of support will be maintained indefinitely. Parties go up and down, and we cannot necessarily assume that if the Scottish Parliament had first past the post but no regional list system, the constituency votes in the last parliamentary elections would have been the same, because people might have chosen to vote differently if they had had only one vote instead of two. We cannot assume that Labour would always win an overall majority in the Scottish Parliament under first past the post.

Mr Donohoe: Does my hon. Friend understand that the last time the Liberals were in power, which was in 1921, they were opposed to any form of proportional representation and voted in this place for the system that we have today?

Mark Lazarowicz: Indeed. One thing that my hon. Friend and I share on this issue is consistency. He has been consistent in his opposition to PR; I have been consistent in my support for it, so at least we share something in this debate, unlike the Liberal Democrats.

No party can assume that it knows what the vote will be in five, 10, 15 or 20 years' time, but the attraction—as my hon. Friends and others see it—of first past the post might diminish dramatically if, let us say, the Scottish National party at some stage got 35% of the votes in the Scottish parliamentary elections under that system. That could quite easily give it an absolute majority of seats, which no doubt the SNP would claim as a mandate for independence. Those who suggest that first past the post will always benefit Labour, or any other party, are making a serious mistake if they maintain that position.

Cathy Jamieson: So far the debate seems to have centred on what is best for the political parties. Does my hon. Friend agree that one of the problems with the voting system we now have for local government, for example, is that people feel that they have lost the direct link with their elected representative? They prefer a system in which there is certainty; they know who to go to and do not feel that they are being passed from pillar to post.

Mark Lazarowicz: I agree. That is one reason why I do not support STV for the Scottish Parliament or local government, and I will come on to that point as it relates to the Scottish Parliament in a moment.

We should bear in mind some of the arguments made in 1997—those of us who have been around for some time can remember them—on why it was important that there should be a vote on the system of PR in the referendum on the Scottish Parliament, rather than putting a first-past-the-post system to voters. That is precisely because it was recognised, even by some people who were hostile to or sceptical about PR, that if the electors had been offered a choice of a Scottish Parliament with a first-past-the-post system, some might have voted against it because they would be concerned that one party in one part of the country might at some future stage dominate the Parliament, which would have undermined support for the yes vote in the 1997 referendum.

Pete Wishart: Looking around the Chamber, I see four Labour Members who are against the hon. Gentleman and three who support him. Does he feel that in the Labour party he is beginning to lose the argument in favour of PR?

Mark Lazarowicz: I am not sure that I understand the hon. Gentleman's point—

Pete Wishart: There are four Members against him and three for him.

Mark Lazarowicz: I think that we are going down a road that will not take the argument much further forward.

When the Constitutional Convention drew up the plans for a Scottish Parliament, there was a strong case that the Parliament should be elected by a system of PR, and there is certainly no case for changing that, even if we look at it simply from the narrow point of view of Labour's party political advantage, which, as I have said, we should not do. It is also about how democracy can be improved and how the public relate to the political process, as my hon. Friend the Member for Kilmarnock and Loudoun (Cathy Jamieson) has said.

[Mark Lazarowicz]

If we accept that there should be some system of PR for the Scottish Parliament—I know that there are Members on both sides of the House who do not accept that—the obvious question is which PR system should be put in place. There is a wide range of PR systems, as there is a wide range of electoral systems generally, and there are arguments for and against all of them. My hon. Friend the Member for Kilmarnock and Loudoun has pointed out some of the disadvantages, and I agree with her about the STV system that currently operates in local government. Some council wards in my constituency, for example, now have 28,000 voters, and so local councillors are in no sense local in the way that they had been, and I presume that that is the case in her constituency.

If we had an STV system for Scottish Parliament elections, Edinburgh would have four MPs for the entire area, but no local MPs. There might be two Labour Members, one Tory and one SNP, according to present opinion polls, but that would certainly not allow any of them to have a local affiliation in the parts of Edinburgh where there is a strong local identity, such as my constituency of Edinburgh North and Leith. STV would certainly not be the right answer. I do not think that anyone would seriously go for the complete proportional list system in which seats are allocated to parties simply on the basis of the number of votes received nationwide. That would give too much power to the parties, so no one would support that system. Therefore, the additional Member system, which combines the constituency element, so that people know who their local MSP is, and the top-up level, which balances out the disproportionate effects of the first-past-the-post system, is in my view the best compromise, which is why it should be maintained.

There are certainly problems with how some list Members operate. I could refer to one Member in my region and the way in which she has presented herself in the run-up to Scottish Parliament elections, and other examples could undoubtedly be provided from across the country of MSPs from different parties acting that way.

In my case, I have been fortunate, but by and large we have had no great problems of representation in working with list MSPs. There are times when we have political disagreements, but there are also times when we can work together in the interests of the area. Perhaps I have just been fortunate, but I do not think that there have been the dramatic difficulties that my hon. Friend the Member for Central Ayrshire has suggested.

5 pm

For all those reasons, I see no case for changing the additional Member system for the Scottish Parliament, and I remind Members—with reference to the comments of my hon. Friend the Member for East Lothian (Fiona O'Donnell)—that the system for election to the Scottish Parliament was not dreamed up out of thin air by someone in the Labour party; it was a product of a long period of discussion and consultation involving not just Labour and the Lib Dems, but the Greens and other small parties, and not just political parties, but local government, the trade unions and a wide range of civic Scotland. Together, they wanted to come up with a system that they felt would pass the test of time. The additional Member system is not perfect, but in my view it has worked relatively well. Some anomalies need to be addressed, but that does not mean that the entire system should be thrown out.

I believe the Scottish Parliament has been a success, and it has been a success under the current electoral system. Clearly, I would rather there had not been an SNP minority Government for the past four years in Scotland, but the way for my hon. Friends and my party to change that position is not to change the voting system to suit what we believe is our short-term political gain, but to get a lot more votes, which is what I believe will happen on 5 May.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I rise briefly to reach out a cooling and, I hope, reassuring hand to the fevered brow of the hon. Member for Perth and North Perthshire (Pete Wishart) regarding his concerns about the comments made by the hon. Member for Central Ayrshire (Mr Donohoe).

Before I do that, I make one observation. I had the privilege of doing a great deal of the Committee and Report work in the other place on the original Scotland Bill, and I acknowledge that we made one mistake. We agreed to allow the Scottish Parliament itself to decide and work out the relationship and work loads between all the different MSPs, and that there should be equality between the list and the constituency. It should be the Parliament's job to work that out, but it would have been helpful had we given it a steer at the beginning as to a better balance, because I recognise some of the comments about squatting, although the majority of list MSPs do an exceedingly good job and the system overall brings fairness and proportionality. In the other place, we lost a vote that my noble Friends—at that stage—put for an open-list system, which I would have preferred, but we ended up with a broadly fair system that has worked well and come of age.

Now, let me reassure the hon. Member for Perth and North Perthshire regarding the comments of the hon. Member for Central Ayrshire, who moved the new clause. The key is in his comments regarding history. First, he invoked the election of 1910, when 83% of Scots voted, as opposed to 2010, when only 64% did. Of course, he forgot to mention that we did not have universal suffrage at that point, and, indeed, that no women had the vote or could stand for Parliament. So, his first suggestion is, I think, that we should get rid of women from politics.

Secondly, the hon. Gentleman's new clause sets out "Two members" with "two votes" and two posts. Of course, we had that system in British politics for many years during the century before last, with some very interesting results, so there is nothing new there. Indeed, many people had two votes in different constituencies if they happened to have gone to Oxford or Cambridge.

So, the clear direction of travel of the hon. Gentleman's thinking is back to the future, and there are only two explanations for that. Either he is the last surviving relic of first-past-the-post-osaurus rex, or his contribution was a wonderful exercise in irony. I believe that he is a grandmaster in irony, and that explains the new clause.

Mr Davidson: It is true to say that the devolution settlement achieved at the time of the referendum represented the settled will of the Scottish people, but

that does not mean that there can never be any further change of any kind. In our debates on the Bill, we have identified difficulties and we have tried to resolve them and to move things forward by making changes. On the question of the electoral system, we first have to ask whether there are any problems and, if there are, whether there is a solution.

I believe that there are some difficulties with the existing system. For example, the public have never entirely understood how losers become winners. They see people standing for election in a constituency and losing, only to pop up as an MSP anyway. The situation is made far worse when some of those who lost pretend to be the MSP for the constituency in which they stood and were defeated. That was certainly the case for a considerable number of years in Glasgow Pollok, where Johann Lamont was elected by first past the post. Kenny Gibson, from the SNP, who came second, then pretended to be the local MSP. Tommy Sheridan, from the horizontal road to socialism party, who is now detained elsewhere, also pretended to be the MSP for that constituency. That was undoubtedly unhelpful, because different people would turn up at local meetings, events, protests and campaigns pretending to be the MSP. This is a genuine issue that needs to be addressed.

We have already heard the outrageous story of Alex Neil printing posters saying that he was the MSP for Airdrie and Shotts when patently he was not. That was a deliberate attempt to deceive the electorate. The fact that there is an election coming up in the near future can only be coincidence, but that was none the less a deliberate attempt to deceive. We also had a situation in the Govan constituency, the one beside mine, where Nicola Sturgeon camped out. She has now won that seat, but she did so partly because she had pretended to be the list MSP for that constituency. These are all clear difficulties in the present system and they need to be looked at.

Related to that problem is the cherry-picking not just of issues but of individual items of casework, especially in relation to immigration cases but to others as well. As an MP, I have had a string of cases in which MSPs have taken up people's complaints about immigration, told them that they could do something about it, led them down a path that led nowhere at all, then told them to come and see me. By that time, a considerable period had passed and some of the people had consulted lawyers based on what they had been mis-told. The same thing has happened with social security cases. We need a change in the rules that would stop list MSPs, in particular, cherry-picking.

Pete Wishart: The hon. Gentleman has listed certain instances of transgressions by SNP regional list Members. What is the Labour party doing?

Mr Davidson: My understanding is that list Labour MSPs are perfect in every way and have done nothing incorrect or outside the rules. I presume that there are no examples of Labour MSPs misbehaving in such a way; otherwise, we would have heard about them. The fact that the SNP has not raised a single example of a Labour MSP doing anything untoward is an indication of where the balance of advantage in this argument lies.

A further difficulty with the existing system is the way in which getting on the list is so key to success in the proportional representation section of the ballot. That means that the party machine, which controls access to the list, has a much greater say than the electorate in who goes to the Scottish Parliament, because the electorate can only vote for the list—they have no say in who is on it. The loyalty of those who are on the list must therefore be directed not towards the electorate but towards their party managers; otherwise, they run the risk of being put off the list next time.

Mark Lazarowicz: I do not quite see the strength of my hon. Friend's argument. In the Labour party, the members choose the ranking of people on the list, but they choose the candidates for first-past-the-post seats as well, so I am not sure how the party is given more power in one situation than in the other. Earlier, he highlighted various deficiencies in the list system, and he may be right. However, those may be arguments for changing the additional member system, but surely not for getting rid of it entirely.

Mr Davidson: Let me come on to that. At the moment, I am identifying particular difficulties. My hon. Friend perhaps misunderstands my point about the allegiance of people on the list. He is absolutely right that, certainly in the Labour party, it is the membership who determine someone's place on the list. However, it is often the party hierarchy who determine whether that person enters the ballot to decide whether they are placed on the list, so it is about how that is handled. Increasingly, party managers have had a tendency to try to control who is on that list.

Mr Weir: I am interested in what the hon. Gentleman is saying. Will he clarify how someone in the Labour party can get to the stage of being able to stand for any seat whatsoever? Surely he would have to be approved by the party in some way before he is allowed to go forward for a seat. I am struggling to see the difference.

Mr Davidson: The hon. Gentleman is obviously struggling to see the difference because he is unaware of the extent to which the Labour party's internal democratic mechanisms are a wonder to behold. I do not necessarily see why I should share in private grief.

Mr Reid: I do not want to bring back memories for the hon. Gentleman, but did not his party hierarchy stop him standing as a constituency MSP?

Mr Davidson: Indeed it did. I can think of several other Members of Parliament here today who were prevented from standing for the Scottish Parliament candidates list. That was in the days when new Labour was at its most sectarian. Fortunately, we have moved on, and that is to be welcomed. The hon. Gentleman is absolutely correct—that was a difficulty. The Labour party's initial lists were drawn up in a sectarian fashion, and therefore a lot of people who would otherwise have been considered suitable for consideration by the party membership were unable to come forward.

Another difficulty about the existing system is the way in which vacancies are filled. It is absurd that when somebody on the list stands down, disappears, passes away or decides that they want to do something else, the person who gets that place is simply the next one on the list. There is no vote and the public are not involved in

[Mr Davidson]

any way, unlike the situation for individual constituency Members. That is inappropriate and a fault in the system.

Mr MacNeil: Is not the point of that process to retain the proportionality in the Parliament that was established by the voters at the election?

Mr Davidson: That is a natural result of the system—I understand that—but that is what I am unhappy about. It does not seem fair or reasonable that at some point after the election, during the term of the Scottish Parliament, somebody who is not an MSP should, as if by magic, become an MSP without the involvement of the electorate in any way.

Mr MacNeil: Does the hon. Gentleman think it in any way important, then, that the proportionality expressed by the electorate is maintained in the Parliament?

Mr Davidson: These are difficult issues. I accept that that is a valid point, but I am unhappy about the idea that by-elections do not take place. By-elections are an important way of telling us what the public think at any particular moment. I do not know whether people present are aware of what happened recently in Barnsley, which was enormously significant.

Mr MacNeil: Remind us.

Mr Davidson: Okay. The party that had been second at the general election was not second, and it did not win the seat.

The Chairman of Ways and Means (Mr Lindsay Hoyle): Order. I am not quite sure what is the relevance of Barnsley. The Committee is well aware of the Barnsley result without Mr Davidson going into further detail.

5.15 pm

Mr Davidson: I accept that decision, although I regret it because this is an important point. Its relevance is that, if there were a vacancy in the Scottish Parliament, under the existing system there would be a by-election, as in Barnsley, if it was a first-past-the-post seat, but not one if it was a list seat. The electorate in a constituency that I will not name had a way of telling the country what they thought of the Liberals. I think that that was important. We are much better and wiser for knowing that. I will not say the position in which the Liberals came, and I will not say what would have happened if the Democratic Unionist party, the Scottish National party or the Welsh nationalists had stood. *[Interruption.]* They would have come ninth if they were lucky, and that is assuming that the Social Democratic and Labour party did not stand. I understand that they might well have been beaten by the 1st Barnsley Girl Guides and the Bonzo Dog Doo-Dah Band had their candidates stood, but I must move on. The point is that by-elections allow people to express a view as progress is made throughout the term of a Government. The existing system does not allow that.

It is important in a democracy that the electorate can get rid of people. I have a list here of people whom I would quite like to get rid of. However, it will be impossible to get rid of Nicola Sturgeon, for example, at the forthcoming election. She is standing in her constituency as the first-past-the-post candidate and she is at the top of the SNP list. Unless the party gets no votes at all, she will be returned. She does not need to turn up, because she is going to be elected. That seems fundamentally unfair and unreasonable.

Mr Weir: On that basis, will the hon. Gentleman call on Sarah Boyack in Edinburgh Central or David Stewart in Inverness and Nairn to stand down, because they are in exactly the same position?

Mr Davidson: I am perfectly happy to say that I want the system to change so that no party can do that. The hon. Gentleman's question is a bit like asking somebody whether they are in favour of electricity being privatised, and if they say no, asking why they do not use candles. We operate in the world that exists. Although one might not have wanted a change to happen, one must accommodate the new position once it has. It is therefore perfectly reasonable for Labour candidates to stand in whichever way is appropriate. That does not stop us saying that the system ought to be changed.

The question is whether the solution that is proposed is right. It has some merits, such as establishing a clear link between individual voters and the people who are elected in their constituency. I have some reservations about having two Members per constituency. I can see how that proposal has come forward for administrative convenience. I can see the merit of splitting each Westminster constituency either north to south or east to west, so that each person is represented by only one MSP and one MP.

I can also see the merit—I am disappointed that this has not come up before—of seeking gender balance, by having two votes for each Westminster constituency, with one for a man and one for a woman. The Scottish Parliament lacks the gender balance that is desirable. In the first selection of candidates for the Scottish Parliament, the Labour party chose to twin the first-past-the-post constituencies so that one man and one woman would be selected. In the list, men and women were put alternately. With individual reselections and so on, that practice has lapsed a bit. However, I think that we were the only party to do something like that. The lack of women representatives in the other parties is a major deficiency. Changing the system would be advantageous in that regard.

My hon. Friend the Member for Central Ayrshire (Mr Donohoe) mentioned voter confusion. The system of having two Members per constituency, however they were provided, would avoid the situation of 25 or 28 MSPs turning up to meet the health board. That is an absurdity. It is grossly inefficient and simply serves to muddy the waters. We should therefore consider changes and a better way.

It is often argued that proportional representation encourages more people to vote. In fact, the UK voting system that is most proportional is for elections to the European Parliament, which have the lowest turnout. The next most proportional is the local authority system, which has the second lowest turnout. Then come the Scottish elections, for which there is an element of first past the post, which have the second highest turnout. The highest turnout is for elections to Westminster, which are the least proportional, so there is a clear correlation between first past the post and electoral turnout.

Several hon. Members *rose—*

Mr Davidson: Those facts help my case, so I am quite happy to take interventions on that point.

Mr MacNeil: I fear that the hon. Gentleman might be confusing cause and effect. Surely turnout is more about the media attention given to whatever election happens to be occurring. The European elections get the least media attention, if any at all.

Mr Davidson: Well, that is one man's point of view.

Mike Crockart (Edinburgh West) (LD): If the hon. Gentleman's argument were correct, surely local government elections would have had immensely large turnouts when first past the post was used for them, and the turnout would have dipped immensely when they changed to the single transferrable vote. That was obviously not the case—there were poor turnouts before the change.

Mr Davidson: Turnouts have dipped since the change to proportional representation, as I understand it. The situation seems quite clear.

Mr Reid: The numbers went down, but that has nothing to do with the change to the voting system. The elections are on the same day as the Scottish Parliament elections, so the turnout in those elections effectively determines the local government turnout.

Mr Davidson: Is it not interesting that in debates about changing the voting system we were always told that changing to a proportional system would boost the turnout? In fact, if anything, the reverse is true. I accept much of the argument made by the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) about media coverage, and I recognise that the situation is more complex, but those who argued for proportional representation never made that point. They suggested a clear correlation that has been demonstrated to be untrue.

Graeme Morrice: Is my hon. Friend aware that at the general election in May, turnout under first past the post increased by about 4%? It is going in the right direction.

Mr Davidson: That is an excellent point, and I am glad that it has been made.

Pete Wishart: On a point of clarification about the supremacy of first past the post, as the hon. Gentleman would have it, is he saying that no other electoral system throughout the world brings out a greater number of voters for a national general election?

Mr Davidson: I will not say that, because I suspect hon. Members could cite the case of Albania or somewhere similar. However, in our case it seems pretty clear that there is a correlation between turnout and the simplicity and comprehensibility of first past the post.

Let us not confuse ourselves about how the system that we have in the Scottish Parliament came about. It was not on tablets of stone brought down from the mountain by Moses; it came from a backroom deal between the leaderships of the Labour party and the Liberals to ensure that they had a majority. That is no more than has happened between the Liberals and the Conservatives in the coalition. It is a shabby deal which, as the hon. Member for Argyll and Bute (Mr Reid) said, involves compromises. Let us not sanctify the electoral system with a false impression that a popular uprising demanded it.

Pete Wishart: AMS was Labour's preferred system at the constitutional convention. What is interesting about the hon. Gentleman's remarks—I hope he will come to this point—is that he believes that this place should dictate to the Scottish Parliament the ending of the current voting arrangements and the existence of regional Members. Would he like to impose an end to proportional representation on the Scottish Parliament?

Mr Davidson: I havenae decided what is the best system. I have outlined faults in the existing system. Do I believe that this House has the right to decide the voting system for the Scottish Parliament? Yes, I do, actually.

Pete Wishart: You think it should?

Mr Davidson: Yes, I think it should, in exactly the same way that the Scottish Parliament decided the voting system for local authorities without any discussion or agreement. If the Scottish Parliament is to be allowed to decide its voting system, so should local authorities. It is good enough for the SNP and its allies to impose a system on others, and what goes around comes around.

Mr MacNeil: May I tempt the hon. Gentleman, who I know is a committed Europhile, to extend that logic? If the Scottish Parliament foists a system on local government, and if the UK Government foist a system on the Scottish Parliament, would he want the European Parliament to foist an electoral system on the House of Commons?

The Chairman of Ways and Means (Mr Lindsay Hoyle): Order. That is a temptation, but this is about the abolition of regional Members. We are in danger of being dragged around Europe, Scotland and the UK, so I think we should get back to new clause 1.

Mr Davidson: A very bad boy was trying to tempt me down the highway, Mr Hoyle. Earlier, I heard an SNP Member shouting that they wanted Scotland to join the euro as soon as possible, but that is nothing to do with this debate either, and I therefore do not intend to bring it up.

The deal was a backroom deal and the old politics, in exactly the same way as the coalition was the old politics. Just as the Liberals were bought off for the Scottish Parliament, so they have been bought off with the promise of AV for this Parliament. I noticed yesterday a whole string of Liberals wearing "Yes to AV" badges. I will not mention that now, but come back to it in a later debate—

Mark Lazarowicz *rose—*

The Chairman of Ways and Means: Order. We are going to discuss the abolition of regional Members. We are not going to be dragged back or come back to that other matter later; we will stick to new clause 1. We need to make progress. I think Mark Lazarowicz was about to intervene on you, Mr Davidson. Are you giving way?

Mr Davidson: Yes.

Mark Lazarowicz: I am grateful to my hon. Friend for giving way and I shall certainly not tempt him off the straight and narrow. On how the electoral system for the Scottish Parliament was adopted, the fine details were a result of detailed discussion within the Constitutional Convention. Surely my hon. Friend accepts that the final system was endorsed by the electorate. The principle of having a proportional system for the Scottish Parliament was worked out at length through debate and consultation—it was certainly not the product of a backroom deal, but the product of many months of discussion and public consultation. As he knows, the Labour party conference voted 2:1 in favour of the final deal after the final agreement between the parties in the convention.

The Chairman of Ways and Means: Order. We do not need reports on the Labour party conference, so I think we will get back to new clause 1.

Mr Davidson: None the less, my hon. Friend's point relates to whether it is possible, without inviting thunderbolts from on high, to consider changes to the electoral system for the Scottish Parliament. It seems to me that that is desirable. We regularly examine other elements of the Scottish Parliament and aspects of devolution—I remind hon. Members that devolution is a moving feast and not static—and so we should examine the electoral system.

I do not intend to vote for new clauses 1 and 2, which were tabled by my hon. Friend the Member for Central Ayrshire, because I am not convinced that his proposals are the correct way forward. However, there is something wrong with the existing system, and it needs to be changed.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Anyone who looks at the amendment paper will see that I am a signatory to new clauses 1 and 2. We have had the knockabout stuff about whether this Parliament has or has not the right to decide the structure of the Scottish parliamentary electoral system or indeed its membership, but people were perfectly happy for this Parliament to overturn the Scotland Act 1998 at the first time of calling, by increasing the number of Members to 129, when the Act originally said that we would drop to a reasonable number after the initial period. The argument was made that people in the Scottish Parliament thought they needed 129 Members to take up all of the one and a half days in which they actually debated in their Chamber, and to ensure that enough people turned up at 5 o'clock every Wednesday to vote to make sure they got the tick in the box.

It never made sense to me, but we allowed that change; Parliament was perfectly happy to change it. I believe that Members of all the parties with Members in Scotland were happy to go along with that process. If it was good enough then, it is certainly good enough now to consider whether the system in place for proportional representation—with its list Members—is the correct way to proceed. I am sure that some, such as my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz), would like to proceed to a totally proportional system. I believe that that has always been his bent; the single transferrable vote has always been his choice of political electoral system.

5.30 pm

As far as I am concerned, however, we need to consider whether the system we have works, or whether what has been proposed is a better system. Many people in my constituency, and those I have talked to in other constituencies—even those represented by Scottish National party Members—believe that there is a great deal of confusion in the system at the moment. The person who stands against the constituency Member they vote for often ends up elected under the regional system, having been defeated by the choice of the electorate under the first-past-the-post system. It is right that people should be able to choose. I think that the best system would provide for two MSPs in the constituencies of MPs in this place, and if Parliament wishes to remain with 129 Members—or whatever—it should put in place a top-up system chosen by the parties, because that is what it is about; we should let the parties choose people to be their central representation and then to top up.

We discussed this matter here when we set up the system, and in the Scottish Constitutional Convention before the system was proposed. At that time, the argument was that there would be fewer Members who would deal with central policy matters and act as a group in Parliament, not shadow Members scurrying about trying to build credibility by snatching cases from MPs, councillors and the MSPs elected under the first-past-the-post system, in the hope that they can build enough credibility to challenge that Member at the next ballot, which is what is happening. It is not giving people good representation, and it is not giving them the benefits of a proportional system in the Chamber that can be seen in many of the European countries I have travelled to during my time on the European Scrutiny Committee. In those countries, parties act as central blocks in Parliament, working up policy, arguing in the Chamber, sitting on committees and proposing policy innovations, not running around the country tripping over everyone's feet trying to win local votes.

Mr MacNeil: I wonder whether the hon. Gentleman underestimates voters and the public when he says that they have difficulty distinguishing between list Members, who might have stood and lost, and those who have won on a constituency basis. I have not come across anyone who has had any difficulty understanding the process.

Michael Connarty: I would not want to accuse the hon. Gentleman of trying to distort my words; I just think he might not be swift enough to understand them. I said that people resent it. They know that they did not choose the Member who lost under first past the post, and they are not happy that that person then turns up as a list Member. They believe it is important that when they make a choice under first past the post, they choose between candidate A and candidate B. I take the point made earlier that every party does it, but it is wrong because it distorts the will of the electorate.

Mr Weir: The hon. Gentleman is making the point that several of his colleagues have made about people who lose under first past the post and come back on the list. However, does he not accept that it is a different electorate? Regional seats have seven or eight first-past-the-post seats in it, so they are not being elected by the same electorate. I do not understand his objection.

Michael Connarty: The point is that when the electorate then see that person's behaviour in the list system, they are puzzled. I give the example of the Lothian Members, who are centred mainly in the city of Edinburgh. Where do the SNP list Members have their office? They have it in a little village called Whitburn in my constituency—well out of the city centre and the locale near the Parliament. That might have something to do with the fact that every time we have an election, the person who loses for the SNP stands against my MSP under first past the post, and that constituency happens to cover the village of Whitburn and areas in West Lothian. That clearly distorts not only the electoral system but the use of resources allocated to list Members, basically to try to back up the challenge under first past the post. New clause 1 would remove that problem by providing for two Members for each MP seat—it could be split in half or done some other way. That would give people the sort of representation that they like.

I have no doubt that colleagues in all the political parties in Scotland believe that when people come to see them, they know that they are their representatives and that they are accountable to those people. In the Scottish parliamentary system, however, people do not really know because of the number of layers involved. They might go to the list Member, and if they get nothing there they will try the first-past-the-post Member and vice versa. The list Member might first back up the person and then take a different view. Then it might come to seeing the Member of Parliament to find out whether they will back them up.

Graeme Morrice: I am grateful to my hon. Friend, who represents a constituency in the local authority area where I have a constituency. I certainly share his views and concerns on this matter and I empathise with his viewpoint. Does he agree, however, that the real problem is the absolute confusion among the electorate about the difference between constituency MSPs and regional list MSPs? Within Scotland, possibly 99% of the electorate, if asked, would not know who all their regional list MSPs were.

Michael Connarty: That is an easy question to answer. It is quite clear that most people in this Chamber, if asked to list them, would not know all the regional list MSPs in their area. That is not the way I like to see the issue, however. It is not so much about confusion among the electorate; it is more that the electorate are not well represented. It is not because they are confused, but because the system invites certain behaviours that run counter to good representation. People do not know who is accountable to them and it is quite clear that list members are not accountable to the electorate. They are accountable to their party, because it is the party that puts them on the list and into the system.

Mr MacNeil *rose—*

Michael Connarty: I am not giving way yet.

If this is about the electorate—I hope it is, rather than about the manipulation of party machinery—it is important that the electorate know who is representing them. The system at the moment is not clear—indeed, it is deliberately confusing for the electorate. It has nothing to do with the intelligence of the electorate; it is a matter of how all the political parties use the list system. We should genuinely consider moving to a system that can be recommended for its clarity. Having two constituency Members for the Scottish Parliament and one Member for this Parliament would be correct and clear, and people would like it.

What has happened is that people in this place do not care whether the electorate like it or not. This is the key point: they do not treat the electorate properly. I have to say that the SNP argument is completely flawed. It has nothing to do with whether SNP Members respect the electorate; it is about whether their party can get an advantage out of it. It is the same with all minority parties. If my party acts in the same way, it is equally wrong. I therefore believe that new clause 1 deserves serious consideration and support. If parties want to top up to a certain number because they cannot run the place without 129 Members, that is where the additional Members should come from. We should call these people what they are—party-nominated Members. That is what happens in Germany: people are nominated by their parties to appear on the list to stand for Parliament or for the European Parliament. People are clear about what they are getting, but what they are not getting is representation.

On new clause 2, the use of resources must be controlled in some way. In Scotland, people are running party machinery in constituencies using the list system resources. To have an office in Whitburn, someone should be representing all the Lothians. For that office to be used only for one Member who is trying to become the first-past-the-post Member for the Linlithgow constituency is the wrong use of resources—and we must find some way of controlling that.

Stewart Hosie: The hon. Gentleman makes that allegation, so can he confirm that this is a parliamentary office for list Members and not a party office?

Michael Connarty: My understanding is that it is an office used by the Member of the Scottish Parliament, who happens to be the person who keeps standing for election to the constituency under first past the post. That may be coincidental; it may be that it is so difficult for the other Lothian Members to get public transport from the centre of the city to the office that they use it solely as a telephone base.

It is important for us to bear in mind the aspiration of the House of Commons that list Members should represent a party that will use them in a way that bolsters the process in the Parliament, rather than shattering and scattering them throughout Scotland and sending them scurrying after votes in the hope that they might at some point secure a first-past-the-post seat, or perhaps secure some proportional extra seats for their party by being seen to be more active. That is not the vision that I was sold in the Scottish Constitutional Convention, it is not the vision that was presented here, and it is not the vision conveyed to me by Scottish National party members at that time. Why are SNP members now willing to accept a second-class option rather than delivering what we promised to the people of Scotland?

Stewart Hosie: I asked a simple question. I will repeat it. Is that office a list parliamentary office paid for with parliamentary resources to enable list Members to do their parliamentary work, and is it within the region to which they are elected?

Michael Connarty: The arrangement is perfectly legal under the present system. I am saying that the system should be more constrained and more disciplined, and that the resources should be more focused. I believe that the public are questioning why the office is there, what its purpose is, and whether it constitutes a distortion of what is due to them, the electorate. I keep returning to this point. What did we promise the electorate? What we promised them we have not delivered, and we should therefore consider doing something better. The new clauses represent serious challenges to the existing system, and should be treated as such.

Pete Wishart: Notwithstanding the fact that AMS was the Labour solution in the Constitutional Convention, there is another elegant solution to deal with a number of the hon. Gentleman's concerns. Under STV, there would not be two distinct categories of Members of the Scottish Parliament. However, I presume that he wishes to end proportionality and return to Labour fiefdoms such as Glasgow council, 90% of whose members received 40% of the votes. Is that what he wants?

Michael Connarty: I should like Glasgow city council—which is a wonderful council—to be properly resourced, rather than having its budget cut by 3.7%. That is what the Scottish Government have just done, at a time when the city needs more resources. Other areas with a large proportion of SNP councillors are experiencing very small cuts. That is another abuse for which the people will take the Government of Scotland to task, and will take the SNP to task in particular.

Proportionality has not worked in our system. I do not approve of the single transferable vote. I do not believe in that kind of proportionality, because I think that it moves so far away from the idea of accountability that the public reject it, and I do not think that we will get very far with any other amendment that appears to distort what we have in the House of Commons at present. When a Member of Parliament is elected, he or she is accountable. People know whom they elected, why they elected them, and how to get rid of them. If we cannot introduce a system that provides some credibility, the Scottish Parliament will go spinning off into the future with no credibility at all. I therefore hope that the Committee will pass new clauses 1 and 2.

David Mundell: I welcome you back to the chair, Ms Primarolo. I hope that, unlike the hon. Member for East Lothian (Fiona O'Donnell), you did not have a sleepless night in anticipation of the debate. Given the level of interest that has been expressed, the hon. Member for Central Ayrshire (Mr Donohoe) has clearly done the Committee a service by promoting a debate on these issues.

Let me say at the outset that the Government will not support the new clauses, principally because we believe that a fundamental part of the devolution settlement that was voted for in the 1997 referendum was the agreement that the Scottish Parliament should be elected on a proportional basis. There is a range of debates to be had on issues relating to proportionality, and some of those issues have emerged this afternoon, but it is clear that a fundamental aspect of the Scottish Parliament is that it is a proportionally elected institution.

I must confess that during my time in the Scottish Parliament I was a regional list Member. Therefore, I must defend that cadre. Many Members from all the main political parties in Scotland have served with distinction as regional list Members, including Peter Peacock, who served on the Scotland Bill Committee, and Lord Foulkes, who was mentioned in our debate yesterday. We should not accept any general diminution of their contribution to the Scottish Parliament, as they have played their roles.

5.45 pm

It was clear from the start of the Parliament that the role of list Members had not been fully thought through. I was interested to hear it suggested earlier in our debate that there had been a vision for the role of list Members in 1999, because when the Scottish Parliament convened it was not clear that there was a specific job description. Over time, that role has emerged. There have been various initiatives to set out the responsibilities of constituency and list Members, including the Reid principles of the former presiding officer, George Reid.

The Government believe that the Scottish Parliament should regulate the relationships between Members of the Scottish Parliament, and that it is not appropriate for this Parliament to regulate those arrangements. That is why we cannot support new clause 2, which seeks for this Parliament to set the financial constraints to be placed on Members who do not abide by such rules. An example was cited of a regional Member of the Scottish Parliament who is said to have breached the rules, but it can also be said that a process was followed, a complaint was made, and the presiding officer has dealt with it, and that therefore there is no evidence to support the view that the Scottish Parliament is not capable of making its own rules and arrangements for the regulation of MSPs.

I was interested in many of the comments about Members standing on both regional lists and in constituencies, and the hon. Member for Angus (Mr Weir) highlighted a number of examples from within the Labour party. In 2006, I witnessed the passage of the Government of Wales Bill, when the then Labour Government argued that legislation must be put in place in Wales to prohibit candidates standing both on the list and in constituencies. Interestingly, such proposals were never brought forward in relation to Scotland, and shortly thereafter Labour changed its internal party rules to allow the same candidate to stand both on the list and for a constituency. We now see that a number of sitting MSPs are moving to stand on the list, so if they fail to be re-elected by one route, they have every chance of being re-elected on the regional list.

Stewart Hosie: Is that not the argument that was being used earlier: that losers can become winners? Why would a Labour Member make that case, when the Minister is explaining that that is precisely what the Labour party is now doing?

David Mundell: Well, I find it—

Mr Donohoe: May I make it perfectly clear that I am opposed to the position referred to by the hon. Member

for Dundee East (Stewart Hosie), as is my constituency party and as are many other constituency parties across Scotland?

David Mundell: I fully take on board what the hon. Gentleman says, and I praise his consistency on this issue, but others who have been critical of the regional list system now want to use it to save their political careers, and I regard that as hypocrisy.

Mr Weir: I count six Labour MSPs now standing for the list who are currently first-past-the-post Members, which says something about their confidence in the result of the coming election.

David Mundell: As has been said, there has been a change from the view that Members should not stand on both the list and in constituencies to a position where that should be done when it is in someone's self-interest.

Mr Tom Harris (Glasgow South) (Lab): I apologise for not being here for the debate before now, but I wish to clarify one matter. I hope the Minister will recall that in the first Scottish Parliament elections Donald Dewar stood as a candidate for Anniesland, in addition to being No. 1 on the Glasgow list. A number of prominent first-past-the-post candidates also stood on the list, so this is not a new procedure in the Labour party—it has been going on since 1999.

David Mundell: As I recall, the reason given for Labour Members taking that approach was that they were encouraging people to vote on the list; they were seeking to demonstrate that prominent people were on the list and so it was an important vote in which to participate.

Mark Lazarowicz: Will the Minister remind us whether there are any Conservative list MSPs standing for a first-past-the-post seat in the forthcoming elections?

David Mundell: Indeed there are, but the Conservative party has been clear and absolutely consistent in its policy. It has not changed its policy to suit the electoral needs of individual constituency MSPs who fear for their future.

Pete Wishart: The Minister rightly says that the Conservatives have been consistent about this—the list has saved the neck of the Conservative party in Scotland. Has he any idea what the Labour Front-Bench team's position is on this matter? We have not heard a contribution from Labour Front Benchers on this; all we have heard are the siren voices of the "first-past-the-posters" at the back. Labour seems to be split from top to bottom on this issue, but does the Minister have any idea as to its view?

David Mundell: The hon. Gentleman probably shares my belief that the Labour party view will be what is in the interests of the Labour party, and not necessarily what is in the interests of the electorate in individual constituencies in Scotland.

Michael Connarty: I am glad that the Minister gave way after that terrible slur on the Labour party. We are talking about the views of Members of this House, and it is very important that we take them seriously and do not start messing around. It is clear that the parties had a view. I recall Donald Dewar saying that the idea was that, as in Germany, the leader of the list would be seen as a symbol of what the list stood for. All the arrangements were proportional in Germany, but because we had this divergence between the first-past-the-post and list systems, our arrangements became totally confused in the eyes of the electorate. We are not seeking party advantage; we are looking for the electorate's advantage.

David Mundell: I recognise the hon. Gentleman's consistency on this issue, but I was confused by one of the contributions from the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson), who was part of a Labour-led Scottish Government who introduced the single transferable vote into local government in Scotland. Much of the argument that I have heard today did not provide evidence that that was done on the basis of support from within the Labour party. As one Member on the Opposition Benches pointed out, it was also done without consulting people across Scotland. On the point that the hon. Lady did raise, may I say, for information purposes, that when a council by-election is required, the STV system used does not guarantee ongoing proportionality? One of the problems with STV systems is that by-elections are difficult and complex matters.

Mr Davidson: A moment ago, Mr Kettle accused members of the Labour party of coming to a position based on self-interest. Given that he is in an alliance with another bad lot to promote an alternative vote referendum, despite neither party preferring AV as an electoral system, it can hardly be said that other people are pursuing their self-interest in this matter. Might I add that, to be fair, the Liberals welcome AV, because they predict that they will have a better result than they achieved in Barnsley and will at least come second in the referendum?

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. May I add that I would like the Minister to return to discussing the new clause?

David Mundell: Thank you, Ms Primarolo. I will take on board what you say and, as ever, I note the hon. Gentleman's comments. Some of what he said in his contribution was helpful, in that there is an acceptance, following the Arbuthnott commission's report, that some form of review of electoral systems in Scotland is required. The Arbuthnott commission suggested that that should take place post-2011, and the Government share that view.

Mr Donohoe: I am sure that the Minister will concede that nothing I am proposing today would come into effect until after this year's elections.

David Mundell: The hon. Gentleman has proposed a very specific change to the electoral system for the Scottish Parliament. It would mean that two Members would be elected from each constituency other than the three constituencies that have been identified. Although it seems to suggest that everyone would have two votes in those three constituencies, the new clause does not appear to show what would happen to the second of

[David Mundell]

their votes. He has set out his intentions in this debate, but the provisions are technically defective. However, I advise him, and the Opposition Members who have expressed clear views about how they would change the electoral system for the Scottish Parliament, to take part in any review that is forthcoming on the nature of that electoral system. That is one basis on which the Government reject the new clauses.

Cathy Jamieson: I am listening to the Minister with interest. Is he actually offering that very review that he is talking about? If so, when will it take place?

David Mundell: The date of the next Scottish Parliament election has changed as a result of the Fixed-term Parliaments Bill, and the Government have indicated that a review of the implications for the Scottish Parliament will be required. A review of the voting system for the Scottish Parliament elections could form part of a wider review of issues relating to the Scottish Parliament.

Mr Davidson: May I just clarify a point? The Minister said that the proposal put forward by my hon. Friend the Member for Central Ayrshire (Mr Donohoe) is not clear on the question of what would happen in respect of people having two votes. May I refer him to the wording? New clause 1 states:

"each elector to cast one or two votes of equal value, with no more than one vote to be given to any one candidate, in constituencies returning two members".

It continues:

"the two candidates with the most valid votes to be elected in such constituencies."

So I understand that the reference to people having "two votes" applies only to the constituencies that are not the three identified.

David Mundell: I welcome the hon. Gentleman's analysis, but I do not think it stands up to legal scrutiny in that regard.

Mr Donohoe: Can the Minister just tell me why? I have read that provision at some length and I am clearly of the opinion that it covers the points that he says it does not.

David Mundell: The interpretation of that provision is that people in the Western Isles, Orkney or Shetland could still have two votes.

Mr Donohoe: No.

David Mundell: That is a clear possible interpretation of that provision. The hon. Gentleman is better advised making his case not on the technicalities of the wording, but on his strong beliefs about this issue.

On new clause 2, I have made clear the Government's view that it is a matter for the Scottish Parliament to regulate the conduct of its Members and the relationships between list and constituency Members. On that basis, we cannot accept the new clause.

6 pm

Mr Donohoe: On the basis of what has just been said, I am almost of a mind to press the new clause to a vote.

Let me make some points to sum up. I would argue that this has been one of the better debates on the Bill that we have had across the piece. It has at times been humorous and it has been good-humoured, which is unusual in some respects. It has also at times been useful and interesting to be able to draw out some of my long-held points of view. I am conscious that in these circumstances—given that this debate is just the beginning—we should withdraw our proposal, and so I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

New Clause 3

MARITIME POLICY

'(1) The Scotland Act 1998 is amended as follows.

(2) In Schedule 5, section E3, leave out—

(a) the Coastguard Act 1925".

(3) After section 90 insert section 90A as follows—

"Maritime and Coastguard Agency (Scotland)

90A (1) The Maritime and Coastguard Agency is to be treated as a Cross-Border Public Authority for the purposes of sections 88 to 90.

(2) The funding, operation and planning authority of Maritime and Coastguard Agency facilities in Scotland shall reside with the Scottish Government and the appropriate Scottish Minister.

(3) These parts of the Maritime and Coastguard Agency which are the responsibility of Scottish Government shall be known as the Maritime and Coastguard Agency (Scotland).

(4) The Maritime and Coastguard Agency (Scotland) will be responsible for maintaining and upholding domestic and international laws and obligations in the Scottish Waters.

(5) For the purposes of this section, the Scottish Waters are as defined by the Scottish Adjacent Waters Boundary Order 1999.".'.—*(Mr MacNeil.)*

Brought up, and read the First time.

Mr MacNeil: I beg to move, That the clause be read a Second time.

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): With this it will be convenient to discuss the following:

New clause 4—*Economic incentives for the Scottish maritime industry*—

'(1) The Scotland Act 1998 is amended as follows.

(2) In Schedule 5, section E3, the words "Financial assistance for shipping services which start or finish or both outside Scotland" are replaced with "Financial assistance for shipping services which both start and finish outside Scotland.".'.

New clause 12—*Scottish maritime boundaries*—

'(1) In section 126(2) of the 1998 Act, after "Council", insert "and with the Consent of the Scottish Parliament".

(2) At the end of section 126(2) insert "A boundary order shall be issued in 2012.".'.

Mr MacNeil: Throughout our proceedings, we have heard claims from the Tories and the Liberal Democrats that this Bill is the greatest transfer of powers from Westminster to Scotland in more than 300 years. To ensure that it is truly a transfer of powers, I propose several additions that will see the Scottish Government gain more control over Scotland's maritime future.

We seek to devolve the operation and funding of the Maritime and Coastguard Agency to Scotland, to remove restrictions in the Scotland Act 1998 that prevent the Scottish Government from providing incentives to the shipping industry in Scotland and to ensure that the Scottish Parliament agrees to any movement of the border instigated from London. I am aware that those proposals were not recommended in the Calman commission's report, but we cannot expect Calman to have thought of everything. Anything might have come from Calman, I suppose, but, of course, it does not matter because the Government have picked and mixed the recommendations as they were made.

New clause 3 was sparked by the Government's proposals to cut the coastguard service throughout the UK. Those proposals seek to leave three to four co-ordination centres south of the border and only one 24-hour co-ordination centre and one part-time centre in Scotland—there are currently five. The proposals were not meant to be debated in this House and were certainly not presented to the Scottish Parliament. That shows a blatant disrespect not only for the Scottish Parliament and Government but for MPs in this House who, to take my case as an example, will be affected by these decisions.

Through my proposals, we seek to alleviate the financial and administrative burden on the Department for Transport by taking the Scottish portion of the coastguard service out of its realm of responsibility. The decision on the future of the coastguard in Scotland should, rightly, take place in Scotland.

Mark Lazarowicz: Has the hon. Gentleman assessed the views of the trade unions representing those who work in the coastguard service or the seagoing community about whether they want to see the coastguard service split up in that way?

Mr MacNeil: Yes, I have asked people who work in the coastguard and, yes, they do want to see this happen.

Mark Lazarowicz: Just to be clear, I did not mean somebody in the coastguard service whom the hon. Gentleman knows. I asked whether trade unions collectively —at least at a Scottish level—support the change.

Mr MacNeil: I hope that the trade unions would act in the best interests of their members' employment and the coastguard service throughout Scotland and try to maintain coastguard stations in Scotland. I am quite sure that if the Scottish Government—regardless of their party—were in charge of this matter, the savage cuts would not be happening.

Scotland has an estimated 60% of all the coastline in the UK, so the Scottish Parliament and Government should surely be the primary body that decides the future of the force that protects mariners and the community. We have already seen the beginning of the process with the passing of the Marine and Coastal Access Act 2009, and we must continue that through these proposals, which would ensure that the Maritime and Coastguard Agency in Scotland enforced Scots law on environmental matters. We seek to have the MCA fall in line with the local operation of the police, health service and other devolved agencies.

According to the Maritime and Coastguard Agency, the seas and coastlines are getting more congested, ships are getting larger and the weather is getting worse. With that information in mind, it surely makes sense to implement a division of labour and allow the MCA in England to focus on Southampton and London and leave Scottish waters to Scotland.

Our new clause removes the restrictions in the Scotland Act that prevent the Scots Government from running the coastguard. Once we place it in the category of a cross-border public authority, we will remove nearly £5 million of coastguard co-ordination centre operating costs from the Department for Transport's budgets alone. That would give us the opportunity in Scotland to secure a proper coastguard service for Scotland. In the past year, we have heard that contracts to provide life-saving helicopters have been bungled completely. Our tugboat services have been cut to save money, in line, we are told, with these austere times, but that unfortunately exposes Scotland to severe gaps in coastline coverage. On a side note, we want to know what will happen to our tugs when these front-line services come up for contract renewal in September.

If Members look closely at the proposals, they will see that we are not attempting to change international agreements or safety legislation. We are simply seeking to ensure that decisions regarding the Scottish coastline are taken in the best interests of Scotland. In short, they move power from Westminster to the most democratic institution representing Scotland—the Scots Parliament.

Mr Russell Brown (Dumfries and Galloway) (Lab): If the hon. Gentleman's new clause were successful, would he envisage more than one full-time station in Aberdeen, or would one suffice in his view?

Mr MacNeil: I would envisage far more than one full-time station in Aberdeen.

This will not be the first time that the House of Commons has heard of the concept of change and of control moving away from the MCA. In 1989, the Isle of Man formed its own coastguard after the UK unilaterally decided to shut down the coastguard co-ordination centre in Ramsey. The Manx Government—perhaps this shows what happens when there is more local control—rightly decided that they should no longer depend on the United Kingdom to protect their coastline and therefore created their own coastguard. That coastguard has five stations open around the Isle of Man and has retained close ties with the Liverpool maritime rescue co-ordination centre, which I would like to remain open.

The Government of the Isle of Man took the right decisions at the right time to ensure that their coast was secure. Surely, it cannot be the will of the Committee to deny Scotland that same inalienable right. This is not the first time that a potential coastguard authority move has been presented. In its illustrious 189-year history, the coastguard has been under the Board of Trade between 1923 and 1939, the Ministry of Shipping from 1939 to 1940, the Admiralty from 1940 to 1945, the Ministry of War and then the Ministry of Transport from 1945 to 1964, the Department of Trade from 1964 to 1983, the Department of Transport from 1983 to 1997 and finally, the Department for Transport from

[Mr MacNeil]

2002 to this date. All we seek to do is move that one step further and ensure that the Scots coastguard reports directly to Scotland.

Mr Tom Harris: I agree with the substance of what the hon. Gentleman is saying about the effects of the cuts to the coastguard system, but would he be proposing this change if the cuts to the maritime coastguard service were not being made at the Department for Transport? He is in danger, I think, of opening himself up to accusations of opportunism if this move is a response to budget cuts rather than a point of principle. I am not aware that this point of principle has been raised by the SNP in the past.

Mr MacNeil: I am glad that the hon. Gentleman agrees with me on the substantial thrust of my argument and I hope to see him with me in the Lobby as a result. Would I have done this if such a proposal had not been made at the moment? Perhaps not, but given the safety concerns, this matter is pressing. Given that the process started without any risk assessment from the MCA, despite the relevant Minister telling me at the Dispatch Box that there had been such an assessment, I think that politics has to meet the pressing concerns among Royal National Lifeboat Institution crews, people who used to be involved in shipping, working coastguards and a variety of people across the community—certainly in the highlands and islands and, I imagine, further down to the Clyde and over to the Forth and, indeed, Shetland.

New clause 4 would redress a bizarre part of the Scotland Act that prevents the Scottish Government from creating incentives for the maritime industry in Scotland. Currently, the Government of Scotland have the ability to incentivise travel for maritime journeys that both start and end in Scotland, which has meant that a successful pilot project on the west coast for the road equivalent tariff has been brought to the Outer Hebrides and to Coll and Tiree. We hope that policy will continue, as it has done quite a lot to help the economies of those areas in a time of severe economic downturn.

Maritime policy is vital to Scotland as we are responsible for 70% of all the fish landed in the UK. Aberdeen is home to the North sea oil industry and lands nearly 4.5 million tonnes of cargo annually from approximately 8,000 ships. Clyde port lands 7.5 million tonnes of cargo and Stornoway port in my constituency has 200,000 people travelling through it each year. The ability to control the maritime economy is surely vital to what is a maritime nation. It is vital to secure future growth in the Scottish economy.

The figures that I have presented for the Aberdeen and Clyde ports are small in comparison with Southampton, which lands 75 million tonnes of cargo annually. Currently, the shipping industry coalesces around the south of England leaving little else for the rest of the UK. It is peculiar that most of Scotland's goods are transported to the south of England and then driven into Scotland. With ever-increasing fuel costs and more congested motorways, surely that is not a good idea. The cost of moving goods to Scotland will invariably increase as the costs of transportation increase, and we propose that costs could be saved if there were an incentive for ships to land their goods in Scotland. The professor of maritime research at Edinburgh Napier university, Alf Baird, put it succinctly when he said that

"the present reality is that firms located in Scotland are considerably worse off in international transport cost terms compared with firms located close to hub ports in the south east of England...firms in the central belt of Scotland are between 15-23% worse off, while firms in the highlands are 22-33% worse off, and firms located on remote islands between 37-63% worse off...From a purely Scottish perspective this therefore raises the question—is the current method of serving Scottish industry's global import and export needs through remote UK ports sustainable in the long run? Or, in other words, will rising domestic UK transport costs (rail as well as road) make Scottish industry even less competitive in global markets than it is today, leading to further job losses"—

that is the important point, as we want to keep people in employment—

"in manufacturing and reduced competitiveness?"

Fiona O'Donnell: I am sure that the hon. Gentleman is glad to pause for breath. He has said that he is proposing these new clauses because Calman missed them out, but did he put forward any submissions to the Holyrood Bill Committee or the Select Committee on Scottish Affairs about these matters?

Mr MacNeil: The most appropriate place for the measures is in the Bill, which is why I have chosen to bring them forward now.

Professor Baird has asked rather straightforward questions that should be addressed by a specific maritime policy with regard to seaport provision in Scotland and the impacts of such a policy for trade and economic development. Surely, Scotland should be able to entice shippers to send goods to our ports. As the home of the large northern ports of the UK, we are well placed to provide efficient ports for shipping goods throughout Scotland and, perhaps, the rest of the UK. We should at least be given the opportunity to try. However, there are restrictions in place and all we can do is hope that companies land their goods there. This issue is at the crux of our main argument. Scotland needs to have the economic levers to promote growth, which would also help with the aggregate growth of the British Isles. Without the ability to entice business to Scotland, we will lose a real chance to grow sectors of our economy that could provide a counterweight to other portions of the Scottish economy. Our new clauses would ensure that the Scottish Government have the ability to promote the Scottish shipping industry and Scottish ports.

6.15 pm

My final new clause concerns Scottish maritime borders. New clause 12 would ensure that the agreement of the Scottish Parliament was needed for any future change to Scotland's maritime borders and that a new border order would be made next year. To those who think this an insular, politically driven clause, I ask this question: "Why is the Scottish Parliament not part of the decision-making process in determining Scotland's borders?" This new clause deals specifically with the Scottish Adjacent Waters Boundaries Order 1999, which moved Scotland's maritime boundary north by several degrees giving 6,000 square miles of water to England. The Government never consulted the Scots Government or

the Scottish people about that. I understand that an Order in Council was made and discussed in the UK Parliament, but I was not in the House in 1999. The Scots Parliament has debated the matter in earnest, and although jibes were passed between the parties—as is inevitable—the outcome was clear: the UK Government were dismissing that brand new Parliament and no one really knew why.

In the Scots Parliament debate of 26 April 2000, John Home Robertson, MSP, tabled a motion stating:

"That the Parliament notes the terms of the report by the Rural Affairs Committee, The impact of the Scottish Adjacent Waters Boundaries Order 1999 (SP paper 42), in particular its dissatisfaction and concern about the level of consultation carried out prior to the introduction of the boundaries order, that the introduction of a boundaries order appears not to have identified any inconsistency with the Civil Jurisdiction (Offshore Activities) Order 1987, and that the amount of fishing activity in the disputed area does not appear to have influenced the Order, and further notes the Committee's recommendation that the Secretary of State for Scotland should either introduce a new, revised Order, or support a Bill calling for a revised boundary proposed in the House of Commons by Archy Kirkwood MP."—[*Scottish Parliament Official Report*, 26 April 2000; c. 10.]

Archy Kirkwood is now Baron Kirkwood of Kirkhope.

The Liberal Democrat MSP Mike Rumbles said

"The secretary of state's view can be justified only if he believes that changing the boundary sets an unwelcome precedent. In my view, that is an entirely negative and unnecessary approach. He could have taken the opportunity to demonstrate positively that both the UK Government and the Scottish Executive are prepared to work in partnership to smooth out difficulties such as this that have emerged as a result of the Scotland Act 1998. It was a mistake."—[*Scottish Parliament Official Report*, 26 April 2000; c. 32.]

After the debate, the Government were lambasted in the press, with constitutional expert Alan Perry calling the Government's reasoning into doubt. In the *Litigation Review*, he wrote:

"Without any real prior consultation or warning, the order effectively removed some 6,000 square miles of sea off the east of Scotland from the Scottish to the English jurisdiction...The government claims that it has simply drawn an 'equidistance' line between Scottish and English waters in conformity with international law...This claim is disingenuous in the extreme."

Mr Perry, who has 25 years' experience and mostly works on public international law cases, said there was no general rule in international law that equidistance was a proper basis for such a line. He asked:

"Must we then conclude that this dreadful blunder is simply an example of monumental incompetence?"

I seek to correct that blundering incompetence with my new clause. I cannot think of any reason why the Scots Parliament—the elected voice of the people of Scotland—does not have the right even to be consulted regarding proposals to move our borders. Surely, devolution means that the House has given real powers to the Scots Parliament and not piecemeal powers because of fears about particular Governments.

Tonight's vote will be a litmus test of Scots MPs in particular—a marker that will, perhaps, ring in history. There is no reason to oppose my new clauses, especially the last one, as they help Scotland. The House has to stop holding us back in the name of the Union. Some say that the political Union has done great things to benefit London but very little to benefit the whole of Scotland, and perhaps I am one of them. I would say that London has benefited more from those it is not politically united with. Indeed, the aggregate gross domestic product of the British Isles is higher due to the independence of autonomous areas around the UK, such as Ireland, the Isle of Man and the Channel Islands. I note that their Governments have not applied to be absorbed into the UK.

All the hallmarks of the great devolution dividend are falling apart around us. The coastguard service is to be cut as the Scottish seas are becoming more and more congested, and VAT has risen to 20%.

Michael Connarty: Before the hon. Gentleman disappears off the map of the maritime borders of the UK, may we return to the subject in hand? As someone who represents the busiest port in Scotland, Grangemouth, it concerns me that the ships that come in and out of it travel more in non-Scottish waters than in Scottish waters to reach that port. Dividing the forces that need to be gathered to fight the terrible cuts in the entire UK coastguard service that are coming from the Government and hiving off Scotland would not greatly advantage the people who come in and out of the port that I represent. Is it not better that we stand together and fight the cuts than try to divide into two different land masses and two different Governments?

Mr MacNeil: I am sure that the hon. Gentleman knows that there is more than one way to skin a cat. I am also sure that he would like to see a busier port in Grangemouth and a Government able to incentivise greater activity in Grangemouth. I therefore expect him to support my new clauses.

These measures will mean that the Scottish Parliament and Government can get on with the job of making Scotland better and allow the rest of the UK to focus on what it considers to be important. This is a litmus test that will show Scotland which of its MPs stand for Scotland and which of them focus on party advantage. I intend to press new clauses 3 and 12 to Divisions.

Mr Frank Doran (Aberdeen North) (Lab): I shall speak mainly on new clause 3. I am rather bemused by the contribution that we have just heard on new clause 12. The hon. Member for Na h-Eileanan an Iar (Mr MacNeil) has presented a dangerous argument, and I am not sure whether I totally understand it.

I have always understood that the current boundary was agreed by international negotiation in 1707. The Scottish border used to go down as far as Newcastle and in some respects almost as far as Bolton, I think, but things have changed. I know that the SNP has a hang-up about the oil industry and the fact that what it sees as its rightful share has been stolen from it. However, there are much more serious issues to be discussed today.

The hon. Gentleman appropriately raised the issue of the coastguard. I know that his coastguard station in Stornoway is one of the stations under threat. It is right for him to fight for it, but it is not right to extend the argument to where nationalists tend to end up—that the only way to solve a problem is to move it to Scotland. There is a serious issue around the reorganisation of the coastguard. He knows as well as I do that in Scotland there will be just two stations—the maritime operating centre, which it is proposed will be in Aberdeen in my constituency, and either Shetland or Stornoway.

[Mr Frank Doran]

My understanding is that Shetland did not figure in the original Government proposal, but a certain amount of influence within Government has seen Shetland on the list. I hope the hon. Gentleman wins his battle to save the Stornoway station. That battle is entirely appropriate. Apart from anything else, the fact that in the Western Isles there is a preponderance of Gaelic speaking and Gaelic place names means that, if there is any risk in that area, it is essential that the geography is properly understood. It is important to make that point.

Mr MacNeil: Given what the hon. Gentleman has said, surely he understands my argument that it would be better for control to lie in the Scottish Parliament and with the Scottish Government. Since 1999, the Scottish Government have been either SNP or Labour-led. My new clause would remove the Maritime and Coastguard Agency from the clutches of the Conservatives, whose tendency seems to be to cut. Would the hon. Gentleman prefer to leave the agency with the Conservatives?

Mr Doran: My argument is that a problem is not solved just by moving it to Scotland. There are fundamental problems with the coastguard—for example, most of the equipment that it uses is 40 years out of date. There is new technology available which is necessary for proper safety on our seas. The money needs to be invested. Given the present financial situation, one of the few ways that money can be invested, sadly, involves the closure of a number of coastguards. I have been told by workers at my own coastguard that with the new technology, Aberdeen could cover the whole of Scotland, but the point that I made earlier about the Western Isles is recognised. The issue will not be resolved simply by asking for it to be devolved to the Scottish Parliament.

I am by no means in favour of everything proposed in the consultation paper published by the Government, but what is needed is a properly co-ordinated national system, which we do not have at present. We have groups or pairs of coastguard stations which can communicate with one another, but in the event of a major disaster or a major incident, it is difficult to see how we could get the full benefit of a national system and the investment that we need to make by separating the Scottish service from the rest of the UK and allowing that to operate on its own.

I was heavily involved in the aftermath of the Piper Alpha disaster, when the coastguard played a pivotal role—I do not know which other stations were involved. The service then was very similar to what it is now, and there was not the capacity to involve the whole of the coastguard operation throughout the UK. Given what we have seen in other countries in recent years, it is possible that that facility may be necessary in the future. As I have said, the way to resolve a major infrastructure problem is not to cut it off and devolve it to Scotland, which is a blinded and fundamentalist view of how we should function.

We need a co-ordinated system throughout the UK. One of the key weaknesses of breaking up the system is what the Scottish Government would or could do with it. Like many people, I am suspicious about the fact that the SNP Government in Edinburgh have made no attempt to give us a proper Budget for the next three years, as we have seen the current Government and the previous Labour Government produce for the UK. Of course, there is an election on the way, so that will be the main consideration.

If the coastguard system is to be upgraded to modern standards, where will the necessary money come from? If the hon. Gentleman was successful with his new clause, there would clearly have to be some transfer of money from the UK to pay for the existing system, but not for upgrading it. The system that I hope will be based in my constituency at Aberdeen, once the consultation exercise is over and the investment has been made, will serve not just Scottish waters, but almost half the UK—it will be capable of serving the whole UK. Would that be on offer in a system run under the narrow nationalist view that the hon. Gentleman is taking? I do not know.

I need to know, and the Committee needs to know, where the money will come from to upgrade and modernise the system. It is not clear that that money exists in the Scottish Budget. If the SNP Government cannot afford to build any new schools and are not able to fund local services properly, how will they modernise the coastguard system, which is essential for the safety of our maritime fleet, our sailors and our fishing industry? The hon. Gentleman is well aware of the dangers inherent in that industry. There are more industrial accidents and deaths in the fishing industry than in virtually all the rest of industry in Britain put together. The most dangerous industry in Britain depends on the coastguard, and many operators in the fishing industry are based in his constituency.

If the new clause is part of a campaign to save the hon. Gentleman's own coastguard station, fine. I can accept it on those terms, but if it is a serious attempt to change the system, it must be rejected.

David Mundell: This is a debate on an important issue, and in many respects I share the sentiments expressed by the hon. Member for Aberdeen North (Mr Doran). If the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) is raising the issue to ensure that it is debated and his concerns are heard, then I accept his right to do so. However, if he is seriously suggesting that the coastguard service should be devolved, then obviously the Government cannot accept his proposal. The point to be made is that this matter was not brought before the Calman commission; nor was it brought before the Scottish Parliament's Bill Committee or the Select Committee on Scottish Affairs as something that he had considered, along with the other changes that he proposed. Indeed, I am not even aware of the matter being raised as part of the so-called national conversation—something that you will have heard about in these exchanges, Ms Primarolo—which was promoted by the SNP Government in Edinburgh with the primary purpose, it would appear, of furthering the cause of independence at public expense.

6.30 pm

If agreed, new clause 3 would devolve the funding and management of coastguard services to the Scottish Parliament and a new Marine and Coastguard Agency (Scotland) would be formed. A consultation is currently under way on proposals for modernising the coastguard service, as the hon. Member for Aberdeen North said.

The Government are inviting comments from staff, partner organisations and the public, and the consultation is on our proposed blueprint for the future structure of Her Majesty's coastguard. We are confident that the concept would produce a nationally networked coastguard service that was resilient, effective and efficient. However, the Government have recognised—including the Prime Minister, in an exchange with the hon. Member for Na h-Eileanan an Iar, which I saw—the considerable strength of feeling on the issue in certain parts of the United Kingdom, and have therefore extended the consultation period for an additional six weeks. Indeed, given the relevance and importance of the issue, my hon. Friend the Under-Secretary of State for Transport, the Member for Hemel Hempstead (Mike Penning) had hoped to be present for this debate, but he is now travelling to Stornoway and Shetland as part of an ongoing consultation and dialogue. He has met Members throughout the country, given the concerns that have been raised.

The proposals include the establishment of two nationally networked maritime operations centres in Aberdeen and the Southampton-Portsmouth area. There would also be six fully integrated sub-centres located at Dover, Falmouth, Swansea, Liverpool or Belfast, Stornoway or Shetland, and Humber. With the exception of Dover, the sub-centres would operate in the daytime only. I stress again that the current proposals for coastguard modernisation are out to consultation. No decisions have been taken. Scottish interests will be taken into account when weighing up the needs of Scotland and the rest of the UK. However, as has been said, the simple transfer of powers would in no way guarantee how they would be used, what approach a future Scottish Government would take to the coastguard, or our ability to produce a nationally networked coastguard service.

It is important to note that coastguard activities are interlinked with maritime services generally. They are very much an international activity. The parameters of many coastguard functions are largely determined by merchant shipping law, so if the former were devolved while the latter as a whole remained reserved, there would be potential for much confusion and either overlaps or gaps in functional coverage of the substantive law. The Maritime and Coastguard Agency is an Executive agency with no separate legal existence from the Secretary of State for Transport. It has a large number of responsibilities other than those relating to the coastguard and search and rescue functions. For example, it deals with merchant shipping and acts on behalf of the Receiver of Wreck. It is not clear from the new clause whether the hon. Member for Na h-Eileanan an Iar intends Scottish Ministers to assume responsibility for all those functions—although given his views on such matters, I suspect that he does intend that—or simply for those relating to search and rescue at sea.

The Commission on Scottish Devolution, on which this Bill is based, did not review the coastguard service; therefore this Bill is not the place for discussions about it. That is the purpose of the ongoing consultation. I urge the hon. Members for Na h-Eileanan an Iar and for Aberdeen North, along with all those with an interest in this matter, to make their views known as part of that process.

New clause 4 would devolve funding arrangements for shipping services. I have to concede that the hon. Member for Na h-Eileanan an Iar enthusiastically sped through his points about it, although the matters that he raised would have merited further discussion, as part of the fuller Calman process or the Committee's considerations. He made important points about incentivising the use of remote points, but this is not the appropriate moment to introduce that without the sort of scrutiny and analysis that we have seen for other clauses in the Bill.

New clause 12 deals with Scottish maritime boundaries. It seeks to require the consent of the Scottish Parliament to any order made under section 126(2) of the Scotland Act 1998, and to require a boundary order to be issued in 2012. Again, the hon. Gentleman will be aware that the Calman commission did not recommend that provision, and as far as I am aware it was not raised with him.

Pete Wishart: The Minister keeps going on about things not being raised by the Calman commission, but nor was Antarctica or appeals to the Supreme Court. The Minister cannot have it both ways. The Government are introducing some stuff that was not in Calman, so surely they can consider other stuff that was similarly not in Calman.

David Mundell: As the hon. Gentleman is aware, the issue of Antarctica was fully considered by the Scottish Parliament's Bill Committee and the Scottish Affairs Committee. It was not simply plucked out of the air and dealt with in an amendment in this place.

I understand the SNP's dogmatic opposition to the Scottish Adjacent Waters Boundaries Order 1999 and its view that if Scotland had more ocean under its control, that ocean would benefit from SNP policies, but I am afraid that it is not a view I subscribe to. As the SNP knows, the Scottish Adjacent Waters Boundaries Order has two effects. First, it determines the boundary of waters that are to be treated as internal waters or the territorial sea of the UK adjacent to Scotland. That is relevant to the definition of "Scotland" in section 126(1) of the 1998 Act, which is used for the purpose of exercising devolved functions and the extent of the Scottish Parliament's legislative competence. Similar provision is made in legislation relating to Northern Ireland and Wales for the purposes of their devolution settlements.

Secondly, the order determines the boundary of those waters to be treated as sea within British fishery limits adjacent to Scotland. That is relevant to the definition of "the Scottish zone"—in section 126(1) of the 1998 Act—in which the Scottish Parliament has legislative competence to regulate sea fisheries in accordance with the EU's common fisheries policy and where fishermen are subject to Scots law. Scottish Ministers also have various Executive functions that are exercisable in the Scottish zone in relation to matters such as licensing and planning.

Crucially, the order defines boundaries off both the west and east coasts using the median line mythology recommended by the UN convention on the law of the sea. It is always interesting when we find the SNP in disagreement with the UN because it does not suit its purposes. This is the standard international mythology—methodology for defining water boundaries. It is illogical to use it off the west coast but deploy a boundary based on historical practice off the east coast. The Government have no plans to redefine the nautical boundaries between Scotland, England and Northern Ireland. We cannot

[David Mundell]

accept that a boundary order should be issued in 2012 when no reason has been given for the need to do so other than SNP dogma. Although we recognise the strength of feeling on the coastguard, which is an important topic of debate, I urge the hon. Gentleman not to press his new clause.

Mr MacNeil: I will be brief in the hope that we will get to the vote. I am perplexed as to why the hon. Member for Aberdeen North (Mr Doran) wants to leave the Tories in charge of Scotland's coastguard.

Thomas Docherty: Temporarily.

Mr MacNeil: The hon. Gentleman says temporarily, but in my lifetime I have seen an awfully lot of time that he might call temporary—the 18 years from 1979 to 1997. We then had Labour saying that it could do this, that and the rest of it and that we should vote Labour to stop the Tories, and that did not work once.

The hon. Member for Aberdeen North said that the new clause would not resolve the issue, but surely it would at the very least lessen the problem by moving responsibility for the coastguard to Scotland. He said that he wants a properly co-ordinated national system. That is what I want, but I fear that we will not get it because of the cuts. I recognise and respect his input and involvement in Piper Alpha. He probably misses the point that the Isle of Man has its own coastguard and seems to co-ordinate well with Liverpool, and presumably with the Republic of Ireland as well. I am disappointed that he descended into making slurs; he could have done better. The new clause is about saving coastguard stations in Scotland and keeping a coastguard in Scotland.

I of course welcome the Minister's encouragement on ports, but he should be aware that I am trying to keep a level of coastguard service in Scotland. Regardless of the party in power in Scotland, I am quite sure that such savage cuts should not be made to our marine insurance policy, the coastguard stations. In short, the Minister sees London as the only way, and that there can be no other way such as on the Isle of Man.

Michael Connarty: Will the hon. Gentleman give way?

Mr MacNeil: No, I will make progress.

I see that the Minister was happy that the sea area was taken from Scotland in 1999, and he revealingly made a Freudian slip by saying "mythology". Why was that change made in 1999? I fear that he has given up his birthright for a mess of pottage.

I shall seek to divide the Committee on new clause 3 and—I hope—on new clause 12.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 9, Noes 480.

Division No. 225] **[6.43 pm**

AYES

Campbell, Mr Gregory
Durkan, Mark
Edwards, Jonathan
Hosie, Stewart
MacNeil, Mr Angus Brendan
McDonnell, Dr Alasdair
Robertson, Angus
Whiteford, Dr Eilidh
Williams, Hywel

Tellers for the Ayes:
Pete Wishart and
Mr Mike Weir

NOES

Abbott, Ms Diane
Abrahams, Debbie
Adams, Nigel
Afriyie, Adam
Ainsworth, rh Mr Bob
Aldous, Peter
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Austin, Ian
Bacon, Mr Richard
Bagshawe, Ms Louise
Bailey, Mr Adrian
Bain, Mr William
Baker, Norman
Baker, Steve
Baldwin, Harriett
Banks, Gordon
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barron, rh Mr Kevin
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackman-Woods, Roberta
Blackwood, Nicola
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bruce, Fiona
Bryant, Chris
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Byrne, rh Mr Liam
Cable, rh Vince
Campbell, Mr Alan
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Caton, Martin
Chapman, Mrs Jenny
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Tom
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Coffey, Ann
Coffey, Dr Thérèse
Collins, Damian
Connarty, Michael
Cooper, Rosie
Crabb, Stephen
Creagh, Mary
Creasy, Stella
Crockart, Mike
Crouch, Tracey
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Davey, Mr Edward
David, Mr Wayne
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Geraint
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
De Piero, Gloria
Denham, rh Mr John
Dinenage, Caroline
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Dromey, Jack
Duddridge, James
Dugher, Michael
Duncan, rh Mr Alan
Eagle, Maria
Efford, Clive
Ellis, Michael
Ellison, Jane
Ellman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie

Esterson, Bill
Eustice, George
Evans, Chris
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark
Fiello, Robert
Flint, rh Caroline
Flynn, Paul
Foster, rh Mr Don
Fovargue, Yvonne
Francis, Dr Hywel
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Gapes, Mike
Gardiner, Barry
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Gilmore, Sheila
Glass, Pat
Glen, John
Glindon, Mrs Mary
Goggins, rh Paul
Goldsmith, Zac
Goodman, Helen
Goodwill, Mr Robert
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greenwood, Lilian
Grieve, rh Mr Dominic
Griffith, Nia
Griffiths, Andrew
Gummer, Ben
Gwynne, Andrew
Gyimah, Mr Sam
Hain, rh Mr Peter
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hamilton, Fabian
Hammond, rh Mr Philip
Hancock, Matthew
Hands, Greg
Hanson, rh Mr David
Harman, rh Ms Harriet
Harper, Mr Mark
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Haselhurst, rh Sir Alan
Havard, Mr Dai
Hayes, Mr John
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendrick, Mark
Hendry, Charles
Herbert, rh Nick
Heyes, David
Hillier, Meg
Hilling, Julie
Hinds, Damian
Hoban, Mr Mark
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hood, Mr Jim
Hopkins, Kelvin
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, Tristram
Hunter, Mark
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Diana
Johnson, Gareth
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Mr Kevan
Jones, Mr Marcus
Joyce, Eric
Kawczynski, Daniel
Keeley, Barbara
Kelly, Chris
Kendall, Liz
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lavery, Ian
Laws, rh Mr David
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Lewis, Brandon
Lewis, Mr Ivan
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Love, Mr Andrew
Lucas, Ian
Luff, Peter
Lumley, Karen
Macleod, Mary
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Main, Mrs Anne
Marsden, Mr Gordon
May, rh Mrs Theresa
Maynard, Paul
McCabe, Steve
McCarthy, Kerry
McCartney, Jason
McCartney, Karl
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McIntosh, Miss Anne
McKinnell, Catherine
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Menzies, Mark
Metcalfe, Stephen
Michael, rh Alun
Miller, Andrew
Miller, Maria
Mills, Nigel
Milton, Anne
Moon, Mrs Madeleine
Mordaunt, Penny
Morden, Jessica
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Morris, Grahame M. *(Easington)*
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munn, Meg
Munt, Tessa
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nandy, Lisa
Nash, Pamela
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Donnell, Fiona
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Pearce, Teresa
Percy, Andrew
Perkins, Toby
Phillips, Stephen
Phillipson, Bridget
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reeves, Rachel
Reid, Mr Alan
Reynolds, Jonathan
Riordan, Mrs Linda
Robathan, rh Mr Andrew
Robertson, John
Robinson, Mr Geoffrey
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Rudd, Amber
Ruddock, rh Joan
Ruffley, Mr David
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Seabeck, Alison
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Sheerman, Mr Barry
Shuker, Gavin
Simpson, Mr Keith
Skidmore, Chris
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Henry
Smith, Julian
Smith, Owen
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Soulsby, Sir Peter
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian

Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tami, Mark
Tapsell, Sir Peter
Teather, Sarah
Thomas, Mr Gareth
Thornberry, Emily
Thurso, John
Timms, rh Stephen
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Truss, Elizabeth
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Tyrie, Mr Andrew
Umunna, Mr Chuka
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, Valerie
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Walley, Joan
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Watson, Mr Tom
Watts, Mr Dave
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whitehead, Dr Alan
Whittaker, Craig
Whittingdale, Mr John
Wicks, rh Malcolm
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Wilson, Phil
Wilson, Mr Rob
Winterton, rh Ms Rosie
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Mr Iain
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Philip Dunne and
Miss Chloe Smith

Question accordingly negatived.

New Clause 9

RAIL PASSENGER SERVICES

'In Part 2 of Schedule 5 to the Act, in section E2, after "*Exceptions*" there is inserted—

"The provision of rail passenger services which start and finish in Scotland, including the power to decide who will run such services, the provisions of the Railways Act 1993 notwithstanding.".'.—*(Thomas Docherty.)*

Brought up, and read the First time.

Thomas Docherty: I beg to move, That the clause be read a Second time.

I am obviously delighted to see that so many Members on both sides of the House take such a passionate and keen interest in Scotland's railway services. We have had a great deal of support for the measure from the trade unions in Scotland. This is a simple, technical new clause. Most people think that the Scottish Parliament already has the ability to decide what the model of the franchise will be, and I am keen that the situation should be resolved—*[Interruption.]*

7 pm

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. We are debating a new clause to the Bill, and hon. Members should listen to the speeches. If they want to have private conversations, perhaps they could go outside. Mr Docherty is a bit squashed on the Bench there, but I am sure that he will stand in the right place while he is speaking to his new clause.

Thomas Docherty: Thank you, Ms Primarolo.

Most people think that the Scottish Parliament already has the power to decide on the model for the franchise. After all, it has to fund the ScotRail franchise, through its Ministers, and it is responsible for the letting of the franchise. It is also responsible for funding the building of new railways in Scotland, and it is worth noting that a number of new railway lines opened in Scotland between 1999 and 2007 thanks to the Labour-led Scottish Executive. The Airdrie to Bathgate line and the Larkhall to Milngavie line are two obvious examples. It is disappointing that the SNP Government saw fit to cancel the Glasgow airport rail link; that is a blot on their track record, if the Committee will pardon my rather poor pun.

The new clause would not change the health and safety rules for the railways. It is absolutely right that we have a standard—*[Interruption.]*

The Second Deputy Chairman: Order. I am really sorry to interrupt the hon. Gentleman again, but I can barely hear what he is saying. There are too many private conversations going on in the Chamber. Out of respect to him, will those who do not wish to listen to his speech on the new clause leave the Chamber quietly now?

Thomas Docherty: Thank you, Ms Primarolo. I see that the Chamber is suddenly becoming a bit emptier. Perhaps it is worth pointing out that the Deputy Prime Minister is hosting a drinks reception tonight for Government Back Benchers. I imagine that hon. Members are off to make sure he does not drink all the wine himself, although after the Barnsley result he probably needs to do so.

I shall return to the substantive issue of the railways in Scotland. As I was saying before I was so gently interrupted, it is obviously right that we should retain the single health and safety policy throughout Great Britain. I say "Great Britain" because, as hon. Members will be aware, the railways in Northern Ireland are part of the single railway system of the island of Ireland. My proposal refers only to the railway network in Great Britain.

It is bizarre that, following the Scotland Act 1998 and the Railways Act 2005, we have successfully given greater powers to Scottish Ministers to do everything except determine the model of the franchise. I am not going to argue that a switch to a not-for-dividend model would necessarily be in the best interests of passengers in Scotland. As a member of the Transport Salaried Staffs Association, I have worked for Network Rail. The problems that Network Rail has had in the past are well documented, and there is an ongoing issue involving the cases of sexual harassment and bullying by Peter Bennett, the head of human resources, of many of his employees. That has resulted in about £300,000 of damages and compensation being paid to employees. This is not an ideological debate; it is about who is best placed to make the decisions.

I shall give a couple of examples of how the present system is not working. We have only to look at the constituency of the Under-Secretary of State for Scotland. I was lucky enough to live there, in the village of Moffat, for a number of years, and the Minister will recall that I put myself forward as a Labour candidate

in a local council by-election. It was a secret ballot, so I am not quite sure how he voted, but I recall his featuring on one of my rival candidate's leaflets, promising that if the Conservatives won the by-election—which, surprisingly, they did—he would ensure the reopening of the Beattock railway line. My hon. Friend the Member for Glasgow South (Mr Harris) will know from his time in the rail industry and as a Transport Minister that that line sits on what is now the west coast main line.

The Minister was also a great champion of the Eastriggs railway station, which is ably represented by my old colleague, Councillor Sean Marshall. The Minister's constituency also contains the village of Thornhill, which is in the Galloway area of the constituency. In all those places, he was a huge champion of the reopening of railway stations, yet after six years as a Member of Parliament and 10 months as a Minister in the Scotland Office, none of those railway stations has reopened. That could not possibly be because he was making promises that he could not deliver, so the fault must be with the franchise model. We need no better reason for giving Scottish Ministers the power to shape their own model.

Mr Tom Harris: I am genuinely unclear about the nature of my hon. Friend's grievance with the current model. Is he saying that Scottish Ministers and Transport Scotland do not have the legislative capability to reopen disused stations?

Thomas Docherty: The issue at the moment is that Scottish Ministers must let the franchise according to a privatised railway model. As my hon. Friend knows, the Railways Act 2005 specifically bans a public body from acting as the franchise operator. The only exception to that is if that body is the operator of last resort, as is now the case with the east coast main line. The new clause would give Scottish Ministers the right not only to fund the railway, to let the franchise and to monitor its performance—all of which they have to do anyway—but to determine the shape of the model involved. This might well result in a privatised model like the one that we now have on the ScotRail franchise, or perhaps in a co-operative model. The Ministers might ask Transport Scotland to run the franchise, or set up a new company called Scottish Passenger Transport to do so.

The new clause provides a logical conclusion to the direction of travel—again, please pardon my poor pun—of the reconfiguration of the railways in Scotland. The reason that the proposal was not considered by the Calman commission is that it involves such a small technical change. Most Members of Parliament and MSPs were simply not aware that Scottish Ministers did not have this ability.

I look forward to hearing the Minister's response to these points. It is possible, if his civil servants have not done a particularly good job of advising him, that he might claim that the measure would somehow bring the whole of Great Britain's rail network crashing down. Obviously, that would be an absurd argument. The Department for Transport is already running the east coast main line as the operator of last resort, placing the line back in the public domain. I am talking about a service that is wholly contained within Scotland, and the measure would have no impact on any other service. It would have no impact on the CrossCountry service or on the east coast main line—or, indeed, on the west coast services. The only services that leave Scotland are the one that runs from the Minister's constituency to Carlisle, on the Glasgow to Carlisle line, and the Caledonian sleeper, which runs between London and Fort William, Inverness, Edinburgh and Glasgow. That service would stay in the franchise. As I have said, this is a very technical new clause. It is supported by all the trade unions and by the Scottish Government, who see it as a logical way forward.

Iain Stewart (Milton Keynes South) (Con): I am following the hon. Gentleman's argument carefully. Does his new clause relate specifically to franchise matters and the operating side of the railways, or is he also seeking the devolution of some of the functions held by Network Rail?

Thomas Docherty: I am grateful for the hon. Gentleman's question, which lets me clarify that this is purely about the franchise because the functions of Network Rail are already devolved to the Scottish Parliament. That is part of the absurdity of the situation. Scottish Ministers have responsibility for everything except, rightly, health and safety, because that needs to be regulated in a different way, and the franchise model itself. The funding, letting and monitoring of the franchise are carried out by the Scottish Parliament, but it does not set its own model. I look forward to the Minister's well-chosen words of response to my case.

Mr Weir: Much to my surprise, I support what the hon. Member for Dunfermline and West Fife (Thomas Docherty) has said. He made a good case, as it would be sensible to devolve this function to Scotland, although he ruined it a bit by making a totally unnecessary attack on the Scottish Government, who have supported the railway industry throughout Scotland and put a great deal of money into upgrading it and opening new lines and stations.

Mr Frank Roy (Motherwell and Wishaw) (Lab): Will the hon. Gentleman give way?

Mr Weir: No, thank you.

The hon. Member for Dunfermline and West Fife talked about the Glasgow airport rail link. I would be interested to see whether that proposal appears in Labour's manifesto with full details of how it is to be funded, and what Labour is going to cut in order to do so, given the cuts that are coming in the Scottish budget because of Labour's economic mismanagement and the incompetence of the current UK Government.

Mr Roy: Will the hon. Gentleman give way?

Mr Weir: No, thank you.

Scotland has a good record on rail and will continue to invest in rail and build up the rail system. This proposal would give the Scottish Government the opportunity to get a different franchise arrangement should they wish to do so. It would be up to them to decide on the franchise, but it would provide flexibility. We support the new clause, notwithstanding the totally unnecessary attacks on the Scottish Government by the hon. Member for Dunfermline and West Fife.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): I do not intend to detain the Committee because there are other new clauses we wish to debate.

The new clause deals with an issue that was probably neglected in the transfer of powers to the Scottish Parliament in relation to rail, and it is appropriate and sensible that we use the opportunity of this Bill to resolve that. On that basis, we intend to support it and assume, given that it is a sensible proposal on a technical issue, that the Government will not have too much of a problem with it.

David Mundell: I was disappointed that the hon. Member for Dunfermline and West Fife (Thomas Docherty) missed out Symington station as one of those that I continue to campaign to be reopened in my constituency, as it has brought vital rail services to that part of Scotland.

I was interested in the hon. Gentleman's analysis of the requirements of the rail services in Scotland. His constituency counterpart, Helen Eadie, was the only Labour MSP to vote against the legislative consent motion for the Bill in the Scottish Parliament. Of course, Mrs Eadie is well known for her radical views on the Scottish rail network, proposing as she has the demolition of the Forth rail bridge. I was pleased that he did not suggest that that would fall within the powers of the Scottish Parliament.

Thomas Docherty: It might help the Minister to know that the Forth bridge is a category A listed building, so unfortunately Mrs Eadie would not have the ability to knock it down.

David Mundell: I am grateful for that confirmation, because the newspaper article that I read described Mrs Eadie as being unrepentant despite criticism from several quarters in that regard.

I am afraid that I must disappoint both the hon. Member for Dunfermline and West Fife and the hon. Member for Rutherglen and Hamilton West (Tom Greatrex), because the Government cannot support new clause 9. It deals with rail responsibilities, as the hon. Member for Dunfermline and West Fife explained, and seeks to give the Scottish Parliament legislative competence over the provision of rail passenger services that start and finish in Scotland. That is a much longer list than the one to which he alluded, because it involves all cross-border services, including the Virgin franchise services on the west coast main line, which do not start and finish in Scotland and remain the responsibility of the Department for Transport.

7.15 pm

Iain Stewart: Is my right hon. Friend aware that Glasgow and Edinburgh councils are running a strong campaign for the construction of a high-speed line from London to the midlands and further north, with the simultaneous building of a high-speed line from Scotland southwards? That would provide additional cross-border services, and it, too, would have to be taken into account when framing legislation such as this.

David Mundell: Indeed. As my hon. Friend will know, the coalition Government are committed to high-speed rail services throughout the United Kingdom. On Thursday, there will be an event in Glasgow, attended by a Transport Minister, about a consultation on the ongoing developments in high-speed rail. The first part of the high-speed rail service from London to Birmingham is vital for its further development into Scotland.

Mr Weir: I am listening closely to the Minister, but I am slightly confused. He is talking about the development of high-speed rail, which will be very good if it comes to Scotland—we will see whether the Government ever get it there—but that service does not begin and end in Scotland, and neither do the Virgin or east coast services. I do not understand his point. The new clause refers to services that begin and end in Scotland—basically, the ScotRail franchise as it operates at the moment.

David Mundell: My point, which I am sure that the hon. Gentleman does not recognise for dogmatic reasons, is that there are important rail services in Scotland that cross the border, and that those services remain important.

Mark Lazarowicz: Given that that is the current situation, why on earth are the Government opposing a new clause that refers to services that "start and finish", not "start or finish", in Scotland?

David Mundell: If the hon. Gentleman had listened to the hon. Member for Dunfermline and West Fife, he would have heard him give a very narrow definition of services which start and finish in Scotland, without giving sufficient recognition to the fact that there are significant services that cross the border.

Mr Tom Harris: I listened closely to my hon. Friend's speech, and he was very explicit in saying that the new clause refers only to the ScotRail franchise. That includes one cross-border service, the Caledonian sleeper, but this would have no effect whatever on other franchise services that cross the border—Virgin, East Coast and TransPennine Express. They would be completely untouched; nothing would change in their operational or financial arrangements. The only thing that would change is the ScotRail franchise. Can the Minister explain why that is beyond the wit of the Government?

David Mundell: If the hon. Gentleman had been listening, he would realise that I have said that Scotland benefits from a mix of services within the ScotRail franchise, and that cross-border services are vital to Scotland. I would have hoped that he would support the view of my hon. Friend the Member for Milton Keynes South (Iain Stewart) that high-speed rail is important to Scotland. However, none of those things is why the Government do not support the new clause.

Iain Stewart: The Minister is being very generous. I am happy to stand corrected, but I believe that there is a cross-border ScotRail service. It probably goes through Dumfries in his constituency to Carlisle and on to Newcastle. How will that service be included in the new clause?

David Mundell: There are indeed services that travel from Glasgow to Dumfries and on to Newcastle.

However, the Government's objection to the new clause is that we are committed to maintaining a GB-wide national rail network that is publicly specified, funded

in the public interest and provided by the private sector. The new clause would interfere with that national network. If the intention of the hon. Member for Dunfermline and West Fife is to allow for a not-for-dividend operator of the ScotRail network, that is possible within the current framework.

Mr Tom Harris: I am grateful to the Minister for giving way once more. I agree with him that the GB-wide network should be publicly specified and commercially provided by the private sector. However, surely it goes against the spirit of devolution and of the Scotland Bill to deny Scottish Ministers the right to take a different view with regard to one self-contained franchise in Scotland. Surely devolution is about allowing Scottish Ministers to make mistakes, if that is what they wish to do.

David Mundell: The devolution settlement is indeed about allowing the Scottish Government to take decisions in respect of the areas for which they are responsible, as determined by the Scotland Act 1998 and the Scotland Bill. This discussion is about whether the issue in question should be devolved to the Scottish Government. The Government do not agree with that proposal because we believe that it would open the opportunity to fundamentally alter the national framework by allowing a renationalisation of the railway in Scotland.

Mr Harris: Will the Minister explain what negative consequences have resulted in the GB-wide network from the nationalisation of the east coast main line franchise?

David Mundell: The hon. Gentleman knows better than most that the Government were required to take over the east coast main line as a measure of last resort. Within the framework of the rail industry, there have to be measures of last resort. It is not a measure that the Government wish to promote. As I have said, we wish to promote a national rail network that is publicly specified, funded in the public interest and provided by the private sector. As I have also said, if it is the intention that a not-for-dividend company should operate, there is nothing to stop that in the present arrangements.

Thomas Docherty: I would not wish to suggest that the Minister is misleading the House—he has obviously been misinformed by the civil servants in the Box—but the Railways Act 1993 is explicit that a public sector operator cannot run the railways. I would be happy to go out to the Lobby and get the section of the Act that says that.

David Mundell: The hon. Gentleman is seeking to give a different definition. I am specifying a not-for-dividend organisation. If he wants to go beyond that and into the realms of opening up the powers for the Scottish Government to renationalise the railways in Scotland, he should promote that point in a different debate, and not by tabling a new clause to this Bill. If he genuinely believes that the railways in Scotland should be renationalised, he should make that argument in the appropriate place.

The hon. Members for Dunfermline and West Fife and for Rutherglen and Hamilton West said that this was a minor matter that was being brought forward at this stage because it had simply been overlooked. However, I believe that it would have benefited from the thorough scrutiny of the Scotland Bill Committee in the Scottish Parliament and from discussion in the Scottish Affairs Committee.

John Thurso: I have no doubt that the Minister is right to resist the amendment, because I am sure that it is technically deficient in some way, but—*[Laughter.]* I took part in the entire Committee stage of the Railways Act 2005, and the intention was to devolve everything that could be devolved to the Scottish Government in relation to the railways. Is there no room for compromise to allow for what is a reasonably sensible suggestion without breaking the principle that the Minister is evoking?

David Mundell: The hon. Gentleman, as always, offers wise words. I thought that he was going to refer to the debate in this House on 31 March 1998, although he was not then a Member, in which rail powers were debated in the context of the original Scotland Bill. The hon. Member for Central Ayrshire was prominent in that debate, as he was in our earlier discussion on voting systems.

Mark Lazarowicz: Again, I honestly do not understand the Minister's position. The new clause refers to the provision of rail services, but it does not provide for the devolution of the rail infrastructure. The tracks and the rest of it could not be sold off. I suggest that he remembers that he is in a coalition and rethinks this issue before he is deserted by some of his colleagues to his right.

David Mundell: I have set out why the Government cannot accept the new clause. The Government believe that the devolved powers, which are significant, are best exercised within a coherent GB structure, as provided under the Railways Acts of 1993 and 2005. We believe that it is essential that the overall regime for the provision of rail passenger services and their regulation remains a reserved matter. It would not be sensible to run the railway in such a way that the Scottish Parliament could overturn the framework that governs the operation of passenger services on a GB basis. Our policy is to maintain a unified national rail network that is subject to appropriate oversight by Scottish Ministers. I believe that the current system achieves that. I therefore ask the hon. Member for Dunfermline and West Fife to withdraw the new clause.

Thomas Docherty: This should have been a relatively short and reasonable debate. As my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex) said, on the face of it there should have been no opposition to the new clause. I am therefore pretty surprised by the rather weak arguments that the civil servants have foisted upon the Minister, who I think knows better.

To address the point made by the hon. Member for Milton Keynes South (Iain Stewart), it would be absurd if a railway line that ran from Glasgow down through Ayrshire, Dumfries and Galloway did not have its terminus in Carlisle. There is a variation in the operating rules that allows ScotRail to run that service to Carlisle. That service is part of the ScotRail franchise and has no impact on the other services that run through and connect at Carlisle.

Iain Stewart: Perhaps I can clarify my point. I understood that the hon. Gentleman's argument was about devolving the whole of the ScotRail franchise, and I was simply trying to clarify what would happen to the one route that is within that franchise but is a cross-border service.

Thomas Docherty: Obviously that would be part of the ScotRail franchise and would carry on in that way.

The Minister's argument is clearly ideological. He assumes that if the Scottish Parliament were given responsibility for the matter, it would automatically nationalise the railway. That is not the purpose of the new clause. It is about giving Scottish Ministers the power and authority to make that decision. His arguments are weak.

7.30 pm

Mr Reid: I am genuinely confused by what the hon. Gentleman said in response to my hon. Friend the Member for Milton Keynes South (Iain Stewart). The new clause is clear that only passenger services that start and finish in Scotland should be devolved, but the hon. Gentleman says he wants to devolve the ScotRail franchise. However, as we have heard, that franchise sometimes crosses the border.

Thomas Docherty: I am grateful to the hon. Gentleman for joining us at this late stage. I must clarify for him that the legal terminology in the Railways Act 1993 defines the franchise area as those services that begin and end wholly within Scotland. However, the franchise also covers the tiny stretch to Carlisle. He might wish to take up that legal point with the Library, but it does not affect the new clause.

I am conscious that we are keeping Conservative Members back from their drinks reception with the Deputy Prime Minister. I regret to say that I found the Minister's arguments rather weak and will therefore press the new clause to a Division.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 172, Noes 293.

Division No. 226] **[7.31 pm**

AYES

Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Begg, Dame Anne
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Brennan, Kevin
Brown, Lyn
Brown, Mr Russell
Bryant, Chris
Campbell, Mr Alan
Caton, Martin
Chapman, Mrs Jenny
Clarke, rh Mr Tom
Connarty, Michael
Cooper, Rosie
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Docherty, Thomas
Doran, Mr Frank
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Mr Kevan
Joyce, Eric
Keeley, Barbara
Kendall, Liz
Lavery, Ian
Lazarowicz, Mark
Lewis, Mr Ivan
Love, Mr Andrew
Lucas, Ian
MacNeil, Mr Angus Brendan
Mahmood, Shabana
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McKechin, Ann
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Reeves, Rachel
Reynolds, Jonathan
Robertson, Angus
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Phil Wilson and
Mr David Anderson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Campbell, Mr Gregory
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger

Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and
Miss Chloe Smith

Question accordingly negatived.

New Clause 10

CROWN ESTATE

'(1) In Part 1 of Schedule 5 to the 1998 Act, paragraphs 2(3) and 3(3)(a) are omitted.

(2) The Crown Estate is to be treated as a cross-border public authority for the purposes of sections 88 to 90 of the 1998 Act.

(3) In section 1(4) of the Crown Estate Act 1961, for "Secretary of State" wherever it appears, substitute "Scottish Ministers".'.—*(Mr MacNeil.)*

Brought up, and read the First time.

Mr MacNeil: I beg to move, That the clause be read a Second time.

In discussing new clause 10, which stands in my name and the names of my hon. Friends, I wish to present just a few simple questions to the Committee.

What accountability do Crown Estate commissioners have to Scotland? The head office of the commissioners is here in London, the revenues for the Crown Estate are paid here in London, and the commissioners are not obligated to report to the Scots Parliament, which is the most democratic forum representing Scotland—instead, they sparingly report to this Parliament. The Crown Estate commissioners in Scotland operate under Scots law, because areas over which they take so much control, such as the foreshore and sea bed, are governed by Scots law. My argument is that the administration of the Crown Estate in Scotland should be constituted and controlled within Scots law and the Scottish Parliament.

Scotland accounts for 6% of the Crown Estate's moneys. Two years ago, that was £17 million, and last year it was £13 million. People to whom I have spoken consider the way in which the Crown Estate commissioners operate in Scotland to be parasitic. Other than demanding money, the commissioners are felt not to conduct themselves with much positive impact. In fact, they are found to be quite menacing. Year after year around the nation's coast, they leech their danegeld from harbours, ports, moorings industries and some of the most fragile parts of the Scottish economy. In Stornoway alone, they take £17,000 from the port authority, whose tie I am wearing tonight. It is a galling circumstance in an island community to lose a greater part of a person's wage to the commissioners, when they plough no profits into the harbour or investment, unlike the port authority. The port authority is dealing with a landlord—or a landlord agent—with no obligations at all. In addition, last year, for no visible return, £2.3 million vanished from the salmon farm industry in Scotland, which must compete with the sharp and capable Norwegians, among others.

The commissioners sold portions of their urban portfolio from Edinburgh's lucrative Princes street for an £8 million loss to fund shopping centres and warehouses in England. We have been told time and again by successive UK Governments that Scotland is not getting short-changed from the Crown Estate. The commissioners say that they are the best managers of the land, but from what I have seen and from what people have told me, with respect, I must disagree.

The Crown Estate commission is a large management organisation, the sole purpose of which, according to the Crown Estate Act 1961, is to "maintain and enhance" the value of the Crown Estate

"and the return obtained from it, but with due regard to the requirements of good management."

How can that organisation manage its land effectively for the people of Scotland when it need not report to the Scottish Government or Parliament, or indeed to Scottish local authorities?

Comhairle nan Eilean Siar, the local council in the Outer Hebrides, recently produced a paper on renewable energy that in fact turned out in large part to be about the limitations to development and the problems that the Crown Estate commissioners pose. It states:

"The current Crown Estate lease model is outdated, unfair and discriminatory and this inequality will be compounded as the industry grows...It is critical to the sustainability of the"

Outer Hebrides

"that significant lease income from the growing marine energy industry is retained in the"

Outer Hebrides. The people of the Outer Hebrides

"view their seas as they do their land...as a resource for the local community. Where possible, lease income from marine projects should follow the onshore wind model and remain in the"

Outer Hebrides.

"The islands of Scotland should"

be permitted to

"play a more active part in management of their coastal waters and should take a corresponding benefit from the resources present in these waters."

The opinion of the Comhairle is that the advent of devolution has had a detrimental impact on the Crown Estate, which has unfortunately moved

"further away from Scottish sea-based communities and lessened"

its

"accountability in Scotland. Crown Estate administration and revenues of Scottish territorial waters should operate as part of the Scottish Government"

in partnership with the appropriate local authority. The Comhairle states:

"Management of the local foreshore should transfer to the"

appropriate

"Local Authority...The Crown Estate lease process is rigid and inflexible, incapable of responding to fast moving developments in the marine energy sector...a more responsive process"

is required to

"accommodate speculative marine deployments outwith the terms of current or proposed lease bidding rounds."

That is fairly damning.

I understand that the Crown Estate commissioners offer annual reports to the Houses of Parliament under a compulsory legislative duty and do so to the Scots Parliament out of courtesy. Although this Parliament can hold the Crown Estate to account via the Chancellor of the Exchequer and the Secretary of State for Scotland—in my opinion, it is not much of an account—the Scots Parliament holds no such right.

Let us look back at the genesis of all this. Robin Callander's book, "How Scotland is Owned", outlines the situation along these lines: although Scotland lost its independence in 1707—temporarily, I hope—it continues to be a sovereign nation and a stateless nation. In Scotland, sovereignty rests with the people, not in the persona of the monarch, as is the case in England. That is why we have had the King or Queen of Scots as opposed to the King or Queen of England. The Crown identity in Scotland is as a representative of the sovereignty of the people, hence the traditional phrase "the community of the realm". That difference was again seen in the 1680s with the 1688 Bill of Rights in England, but the 1689 Claim of Right in Scotland.

As illustrated by the Comhairle's statement, many Scotsmen and women of either an historical bent or, as in my case, Hebridean conditioning view the seas as a continuation of the land. It is perverse that the most democratic forum representing the sovereign Scottish people—the Scottish Parliament—does not have control over the estates of the people's representative. In many cases, the Crown's rights date back to the 13th and 14th centuries, and some of these are distinctively Scottish Crown rights with no legal equivalent in the rest of the UK. The Forestry Commission in Scotland used to act on similar lines to the Crown Estate, but its powers have now been devolved to allow it to function as an instrument of Scottish Government policy, which is what we need the Crown Estate to do at the level of local authorities.

The Crown Estate commission is a property management company that aims not at the public good but unfortunately at the maximum extraction of revenue, as I have seen and previously mentioned. The commission merely administers property rights and interests that comprise the Crown Estate; it does not own the estate. In many cases, it deals with Scottish public land with Crown property rights, which is certainly feudal behaviour. A report by the Crown Estate working group in 2006 stated that there is a stark contrast between

> "the ways in which the public interest in the Crown's ownership of the seabed and public foreshore could be managed to complement Scottish Executive's policies designed to support rural, coastal and island communities and the public interest more generally."

That group was composed of The Highland council, Highlands and Islands Enterprise, Orkney Islands council, Shetland Islands council, Comhairle nan Eilean Siar, Argyll and Bute council, Moray council and the Convention of Scottish Local Authorities.

The group concluded—this is a lengthy but worthwhile quote—that the

> "administration and revenues of some of the property rights of the Crown in Scotland are already devolved to the Scottish Executive. Others which are still managed by the CEC as part of the Crown Estate in Scotland could follow, for example, through the planned UK Marine Bill. In considering the case for a review, some of the lesser property rights of the Crown in Scotland might be seen as historical anachronisms where reform will bring only modest benefits. However, reforming the management of Scotland's seabed and public foreshore offers an opportunity to secure benefits on what might be considered an historic scale to Scotland's coastal and island communities and the nation as a whole. The reform of these property rights of the Crown in Scotland could be as symbolic for Scotland as the Scottish Parliament's abolition of other property rights of the Crown in Scotland with feudal reform. The potential benefits for Scotland in this case, however, would be much more tangible and substantial."

We have a serious problem when one of the largest land managers in Scotland is not accountable to the people of Scotland. The Crown Estate commissioners have a major impact on salmon farming, shellfish farming and aquaculture, they derive income from harbours and moorings and they own the entire foreshore around Scotland, yet they have absolutely no legislative duty to speak to the Scottish Parliament. A group with that much power should be accountable to the local communities of Scotland, not the Chancellor of the Exchequer at No. 11 Downing street, which is many miles away.

Our new clause calls on the Crown Estate commissioners to do what they should be doing anyway. We are seeking that the Crown Estate revenues be devolved to Scotland and that the management of the estate come under the power of the Scots Government. We want the Crown estate to become another Scottish success story, like the NHS and the police, and we want to amend the 1961 Act with new clause 10. We hope to remove the restrictions in the Scotland Act 1998 that prevent the Scottish Government—and by extension the nation, the businesses and the communities, including the islands and coastal communities, of Scotland—from running and directly benefiting from the organisation. It is at best odd that this particular function of the Crown was not devolved immediately, given that Scotland has more than 60% of the UK's coastline. The Government's plan for a Crown Estate commissioner do not go far enough, because this person will be accountable to the Treasury, not Scotland—more like a colonial administrator perhaps. The Crown Estate commissioners should operate as a body under Scots law, which is best accomplished by devolving their powers to the Scots Parliament and further to local authorities.

Before the Committee commences its usual assault on the ability of Scots to govern more than Westminster wants, I want to draw attention to five Liberal Democrat MPs who supported a private Member's Bill on the subject in 2006, including the hon. Members for Argyll and Bute (Mr Reid) and for Caithness, Sutherland and Easter Ross (John Thurso), the Chief Secretary to the Treasury and the right hon. Member for Ross, Skye and Lochaber (Mr Kennedy)—I am sure that they will not have changed their views in the meantime and that government has not softened their strongly held beliefs. In support of the private Member's Bill, the right hon. Member for Orkney and Shetland (Mr Carmichael) said:

> "The notion that somebody other than the local community should own the seabed, particularly around our islands, and make money out of it for the Treasury, is quite offensive... The Crown Estate derives significant income from owning something the communities have an absolute need for in terms of piers and harbours, cables, fish farms and now the prospect of offshore windfarms. These are things we can't do without."

In November 2010, the Liberal Democrat MSP for Orkney said:

> "The Scotland Bill provides an opportunity to help coast communities and our aquaculture and marine renewable energy industries. The UK Government should review the Crown Estate's role in Scotland and look at using the Bill to devolve powers and controls over the seabed."

Even a senior Liberal Democrat Whip spoke up when he called on the Secretary of State for Scotland to direct the Crown Estate commissioners to relinquish their

[Mr MacNeil]

control of the Scottish seabed to local communities in Scotland. I hope that those words will be followed up with action tonight.

As the land reformer Andy Wightman has said:

"We thus now have a position where the Scottish Government supports the return of the administration and revenues of the Crown Estate to Scotland. It is joined by many others including the former Labour Minister of State at the Scotland Office, Brian Wilson, Highland Council, Professor James Hunter CBE, Orkney Islands Council, Lesley Riddoch"—

the broadcaster—

"the Scottish Islands Federation, Local People Leading...and Reform Scotland".

In 2010, The Highland Council said of this clause:

"The Highland Council is firmly of the view that Clause 18 of the Scotland Bill does not go far enough. The Council believes that the only way to ensure improved accountability and that direct benefits are delivered to Scottish communities is through fully devolving the management, administration and revenues of the Crown Estate in Scotland to Scottish Ministers in the first instance. Given the new management, regulation and planning roles of Marine Scotland, the case for full devolution is even stronger."

Crown Estate lands in Scotland are best managed by the Scots Government. Holyrood's sole purpose is to look out for the best interests of Scotland. By definition, the UK Parliament must have a different perspective. So far, that has meant cutting coastguards and the armed forces in Scotland and increasing fuel taxes. A Crown Estate that is only accountable to this place is bound to act by that same logic. If the Government truly intend to make the Bill the greatest act of devolution for 300 years, the Scots Government, of whichever party, should entirely run the Crown Estate lands in Scotland. Anything else is utterly unacceptable.

Mr Reid: A lot of what the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) has said about the Crown Estate is correct. It should be working much more closely with local communities, and coastal communities should be benefitting from the money that the Crown Estate gets from leasing the sea bed and foreshore. My problem with new clause 10 is that it does not tackle section 1(3) of the Crown Estate Act 1961, which reads:

"It shall be the general duty of the Commissioners, while maintaining the Crown Estate as an estate in land (with such proportion of cash or investments as seems to them to be required for the discharge of their functions), to maintain and enhance its value and the return obtained from it, but with due regard to the requirements of good management."

8 pm

Problematic in that section are the phrases "to maintain and enhance" its value and the "return obtained from it". The problem with the new clause is that it does not tackle that section at all. It simply takes the power of direction from the Secretary of State and gives it to a Scottish Minister. It means that the Crown Estate will still have a duty to be a profit-making organisation.

Mr MacNeil: What did the hon. Gentleman want a few years ago?

Mr Reid: I wanted what I still want—the devolution of power to local communities, so that the benefits go to those communities. As I have said, however, new clause 10 does not deliver that, because it does not amend the section from the Crown Estate Act 1961. The Secretary of State has powers of direction, which the new clause would transfer to a Scottish Minister rather than to local communities.

Another problem is the legal advice received by the Government about the operation of section 1(3). When the Secretary of State gave evidence to the Scottish Affairs Committee on 16 February, he was asked about the Crown Estate. He told us about the legal advice he had received. He said that

"the power of direction remains a kind of power of last resort if there are some very serious problems with the Crown Estate. The power of direction is not an invitation to the Secretary of State to micro-manage how the Crown Estate operates."

By simply transferring that power of last resort to Scottish Ministers, the new clause is not going to achieve anything for local communities in Scotland. We need much more radical reform of how the Crown Estate operates than that.

A lot of evidence was given to the Calman commission to the effect that the Crown Estate was giving too great a priority to maximising income. That is certainly correct, because the Crown Estate Act 1961 puts that duty on the Crown Estate commissioners. We need a review of the 1961 Act and an amendment to section 1(3). The Scottish Affairs Committee has decided to investigate the operation of the Crown Estate in Scotland, and I hope that out of that will come proposals for reform to allow powers genuinely to be transferred to local communities, so that they also benefit from the lease of the sea bed and the foreshore. As the hon. Member for Na h-Eileanan an Iar has pointed out, marine renewable projects are likely to go ahead in Scottish waters in the next few years, and I want the income from that to go to the local communities.

On the income from the Crown Estate, as the hon. Member for Na h-Eileanan an Iar has said, only 6% of its UK-wide income is generated in Scotland, which would mean Scotland being given only 6% of the Crown Estate's income. That does not seem to be a particularly good deal in comparison with Scotland's current share of UK public spending. The important point is that the income, instead of just disappearing into the coffers of the Scottish Government and instead of going into the coffers of the Treasury, should actually go to local communities.

Mr MacNeil: I am listening carefully to what the hon. Gentleman is saying, and I am sure that many other people will be listening to—and especially looking at—it. For the purpose of clarity, will he outline how he has changed his viewpoint over the past few years on this issue? I hope getting into government is not the reason.

Mr Reid: My viewpoint has not changed. I still want to see the benefits from any developments going to local communities, and I want local communities to be much more involved in the planning stages, so that they can affect any decisions about developments on the sea bed close to their island or coastal community. The point that I am making is that the new clause does not remove the duty on the Crown Estate commissioners to generate revenue for the Treasury. The provision is defective in that regard.

Mr MacNeil: To sum up the hon. Gentleman's views, then, London is best and control from London is best.

Mr Reid: I have already said umpteen times that I want power devolved to local communities, which the hon. Gentleman's new clause simply would not achieve. I would have thought that in Argyll and Bute, as much as in the Western Isles, Edinburgh is not seen as part of the local community. The money would simply be transferred from the Treasury to Edinburgh. It is not going to help those local communities, and it will not even help the Scottish budget, which would benefit from only 6% of the income, which is less than Scotland's current share of UK public expenditure, as I have pointed out.

The ownership of the sea bed and the Crown Estate's management of it impacts on many remote communities, which often have fragile economies and their own local culture. One fundamental policy of the Government is the principle of localism, and I would like to see the Government implement that principle with regard to the Crown Estate. The Crown Estate must become much more democratically accountable to the communities where it operates, and it must work much more closely with local communities in the planning stages of any developments, which must benefit those local communities —for example, by making improvements to harbours and other local infrastructure or using the profits from the rent of the sea bed to set up funds for the benefit of the local community.

I am sorry that I cannot support the new clause. As I have said, it is defective, because it does not touch section 1(3) of the Crown Estate Act 1961. Given the importance accorded by the Government to the localism agenda, I hope that the Minister will be able to tell us later that the Government have plans for the Crown Estate in that regard.

Ann McKechin (Glasgow North) (Lab): The hon. Member for Argyll and Bute (Mr Reid) has carefully explained some of the technical problems with the new clause. What it proposes was not a recommendation made by the Holyrood Committee in its report last week. The hon. Member for Argyll and Bute made an important point when he said that devolution is not simply a one-way process from the UK Government to the Scottish Government, but is also about transfers of power from central Government—whether based in London or Edinburgh—to bring about more localised control. It is about not only having powers, but how those powers are going to be used and made accountable to local communities.

It is interesting to note that the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) has raised the issue of the Forestry Commission. It was his party's Administration in Holyrood, of course, who were the first to propose privatisation of Forestry Commission land. Thankfully, there was a successful public campaign in Scotland—just as we recently saw in England—which forced the Scottish Government to reverse their policy. I note from recent reports, however, that they are continuing to sell off much more forestry land than they are purchasing from the Forestry Commission. That brings us back to the question of how powers are used. The Opposition will not support the new clause, but we hope to come back to this matter with our own amendments on Report.

Jacob Rees-Mogg (North East Somerset) (Con): I am sorry not to be able to support the new clause moved by the hon. Member for Na h-Eileanan an Iar (Mr MacNeil), who is in many ways a walking advertisement for the Union. It would be a great loss to this Parliament if he were not here and were prevented from coming here by a division between our two great countries. I am deeply concerned about his new clause. It is partly creeping republicanism, partly an attack on property and partly a subsidy to Scotland from the poor, hard-done-by English taxpayer, who has had enough of this and wants a little bit of money to creep back south of the border from time to time.

Let me start with that sad day in March 1603, when our beloved sovereign of blessed memory, Elizabeth, died. When she died, James VI was hailed as James I of England, and we saw a mystical union of the Crowns: a mystical union that has remained true through not only world wars but civil wars, and has brought our people together. We have come together as peoples in the Crown, and as a result of a further development in the Act of Union 1707, we have come together as a Crown in Parliament. Anything that attacks the Crown, that undermines the Crown, is something about which we, representing one part of the Crown in Parliament—one part of the great system of government that we have—should always be careful.

Mr Weir: The hon. Gentleman's history lesson is very interesting, but I am not sure why he sees the new clause as an attack on the Crown. The Crown Estate's money does not go to the Crown; it goes to the Treasury. It was signed over to the Treasury many years ago in exchange for the civil list. The new clause attacks not the Crown but the way in which the money is used, and is intended to secure a better deal for our coastal communities.

Jacob Rees-Mogg: I thank the hon. Gentleman for an extremely helpful intervention. It missed a key point. Indeed, the hon. Gentleman may wish his hon. Friend the Member for Na h-Eileanan an Iar to withdraw his new clause.

The Crown Estate's income was not given away in perpetuity in exchange for the civil list; it is given reign by reign. That started in the time of George III, who was a bit hard up at the time. He needed the money. Parliament had, and of course still has, tax-raising powers. In exchange for the Crown Estate's income, George III accepted the civil list. That continued during the reigns of George IV, William IV, Queen Victoria, Edward VII and George V, the brief reign of Edward VIII and the reign of George VI, and it continues during the reign of our present most glorious sovereign. However, it is not a permanent settlement.

Any step that undermines or changes the Crown Estate should be taken with the greatest caution. I hope that the day never comes, but if we were to have another sovereign, that sovereign would be entitled to claim the Crown Estate for himself. If we had introduced measures that took it away, we would have broken the bargain that was made in the reign of George III and has been renewed in subsequent reigns. We should be extremely wary of interfering with a system that has worked so well.

I also want to deal with the attack on property rights, which are the fundamental basis of a free society and the rule of law. I know that some hon. Members like me

[Jacob Rees-Mogg]

to dwell on history occasionally. We know that rights of property have been established in this country since 1189—

Stewart Hosie: Which country?

Jacob Rees-Mogg: This country, England, which is where we are now. Those rights of property, established in this country, England, were passed to Scotland by virtue of the Act of Union. It is well established that the combination of Parliaments that resulted in the inheritor Parliament—this Parliament—merged the benefits of the two earlier Parliaments. The rights of property that we enjoy are the foundation of our free society.

Ann McKechin: I declare an interest as a member of the Law Society of Scotland. Scotland has always had a very distinct property law system. It was the first in the world to involve a public register, and it remains distinct to this day.

Jacob Rees-Mogg: I entirely accept that Scotland has its distinct characteristics. They are, in many ways, extraordinarily admirable and worthy, and they have the full support of those who support the Union. We do not want an homogenised United Kingdom. I have never been a great believer in homogenisation, whether it be of cultures, nations or, for that matter, milk. However, it is important to recognise the rights of property. The new clause seeks to confiscate the revenue that would come to the Crown Estate and take it for local communities—whoever they may be.

Mr Reid: The new clause does not do that. It merely transfers the power of direction of the Crown Estate from the Secretary of State for Scotland to a Scottish Minister, and that is why I consider it defective. It does not take the property that is in the seabed and give it to local communities.

8.15 pm

Jacob Rees-Mogg: I thank my hon. Friend for his intervention, but I listened carefully to the speech of the hon. Member for Na h-Eileanan an Iar, and he made clear that his intention was to undermine the rights of property. That is why the new clause is so dangerous. The money that comes from any wind farms that may be established offshore in Scotland belongs to the Crown Estate, and the Crown Estate's income is used for the benefit of the whole United Kingdom. To pinch it and say "We will have it for Na h-Eileanan an Iar"—or for some similar part of the country, or for communities within Na h-Eileanan an Iar—would, in my view, be wholly inappropriate, and would constitute a fundamental attack on the property rights of the Crown Estate.

Once one attacks the property rights of the Crown Estate, whose property rights will one not attack? If one attacks the property rights of the highest in the land, what protection will there be for anyone else? What protection will there be for the person in his humble cottage? If one attacks the Crown, the person in his humble cottage will feel the threat. He will feel the hot breath of rapacious socialism bearing down upon him. He will feel not the least bit safe on the land that he owns.

Stewart Hosie: The hon. Gentleman is making an extraordinary speech. I have received an e-mail from a colleague who has been watching it and who describes it as "epic". It certainly is, in an 1842 kind of way.

However, I have a question for the hon. Gentleman. He talks of "rapacious socialism" and of the seizing of land. The Land Reform (Scotland) Act 2003, which came into being after the establishment of the Scottish Parliament, allows those on estates to buy the land on which they live. Would he wish it to be repealed to protect what he views as the property rights that he is defending?

Jacob Rees-Mogg: Had I been a Member of Parliament at the time, I would have opposed leasehold reform. I thought that it was an outrageous attack on property rights, and I would have taken the same view had I been a Member of the Scottish Parliament. I think that property rights are of overwhelming importance, and that the new clause is genuinely dangerous in seeking to undermine them.

As I was saying, my three reasons for opposing the new clause are the attack on property rights, the attack on the Crown—that mystical union of Crowns that we have had since 1603—and the loss of revenue for the English. I feel that I must stand up for the people of North East Somerset. They do not benefit from as much spending per capita on the health service, the police or education as those north of the border. I accept that, because I believe in the Union and I think it a price worth paying, but the price must be fair. The revenues that are ultimately the revenues of the state must come centrally, and must be shared out proportionately. When the Scots start asking "Why do we not have Crown Estate revenue for the territory and the sea around Scotland?", I may respond by asking why people living in London do not say "We will have the revenues from the Crown Estate in London, and we will not allow any subsidy to be given to Scotland." That, I think, would make the Scots rather upset. A good deal more money comes from places such as Pall Mall, which is owned by the Crown, than from the seashore.

Mr MacNeil: I had not taken the hon. Gentleman to be a fan of Scottish independence. I will clearly have to review that, given his latest utterances.

Jacob Rees-Mogg: I said earlier that I was against Scottish independence, because if we had it we would not benefit from such helpful and informative interventions as the one that we have just heard from the hon. Gentleman.

Mr Reid: I think that the hon. Gentleman has miscalculated. The hon. Member for Na h-Eileanan an Iar (Mr McNeil) is being principled. He believes in Scottish independence. Transferring the Crown Estate in its entirety would be disadvantageous to Scotland, because only 6% of the profits are generated there. That is less than Scotland's current share of public expenditure. The new clause ought to appeal to the hon. Gentleman in financial terms.

Jacob Rees-Mogg: I think that those of us who support the Union are also being principled. These tax revenues—these forms that generate income for the

state—must be preserved in their entirety. Once we start cutting them up bit by bit, we end up making calculations and saying "Actually, Scotland is receiving rather too little from the Crown Estate rather than too much." I do not think that that argument works. I think that the Crown Estate must be viewed as a whole, as an indivisible part of an indivisible Crown. That is what I want to see: the traditional constitutional position which this country has enjoyed and which has made it such a great nation. Let us have no more attacks on private property or the indivisibility of the Crown, and let us have a reasonable settlement in taxation between the people of England and the people of Scotland, not to mention those of Northern Ireland and Wales, who also deserve their fair share of the total pie of economic wealth.

David Mundell: I welcome the contribution of my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg), because I am afraid that our debates on matters Scottish tend to become somewhat homogenous, and it is good to have a different perspective on our deliberations. It was also good to hear again about the threat of the hot breath of rapacious socialism and the harm that it can do in Scotland, because we need to hear that. As we near the forthcoming Scottish Parliament elections, I will urge my colleagues to do their best to repel that threat.

My hon. Friend's contribution was in marked contrast to that of the hon. Member for Na h-Eileanan an Iar (Mr MacNeil), who again sped through his speech, which was simply a recounting of the usual dogma. Instead of making a coherent case, he simply said that the Crown Estate should be devolved to Scotland because everything should be devolved to Scotland.

Those of us who have been present in the Chamber throughout the deliberations on this Bill noted yet again the strong divergence between what we have come to know as London SNP and Edinburgh SNP. Although the hon. Gentleman launched an attack on the Crown Estate, none other than Jim Mather, SNP Energy Minister in Scotland, has said that the Scottish Government

> "greatly value the strong working relationship with the Crown estate commissioners as it helps us all to ensure that Scotland leads the UK in giving wave and tidal energy developers opportunities to harness the power of our seas."

The characterisation of the Crown Estate by the hon. Member for Na h-Eileanan an Iar was therefore misleading. Although I take on board the points that the hon. Member for Argyll and Bute (Mr Reid) made about the operation of the Crown Estate, and acknowledge that he is a doughty campaigner for change to the estate, I am afraid that I do not recognise the characterisation of the hon. Member for Na h-Eileanan an Iar. As he knows, the Secretary of State has sought to engage with the Crown Estate, and the estate has moved forward in a number of positive ways, such as through the production of its annual report, and the meetings it has with Scottish Ministers, MSPs, Scottish local authorities and many interest groups.

However, although there are positive aspects to the development of the Crown Estate, the Government recognise that a number of issues have been raised during the progress of the Scotland Bill and following the Calman deliberations, which is why we look in particular to the Scottish Parliament LCM Committee report, which stated that it had identified a number of radical options for the future development of the Crown Estate but that time was needed to consider them. We agree with the Committee when it says that it noted with some interest that the Scottish Affairs Committee in the House of Commons will review the work of the Crown Estate commissioners in Scotland, and that that was an important development. The Secretary of State for Scotland's positive attitude to this initiative was also noted. That sums up the Government's position. We greatly welcome the inquiry that the Scottish Affairs Committee has said that it will carry out into the operation of the Crown Estate in Scotland. That will present an opportunity for the hon. Member for Argyll and Bute and others who have strong views about the Crown Estate to set them out, and the Government will look closely at the outcome of that inquiry.

What we will not do is respond favourably to dogma and to a view that the Crown Estate should simply be devolved for the sake of doing so. Although I have no hope that the hon. Member for Na h-Eileanan an Iar will do so, I ask him to withdraw the motion for his new clause.

Mr MacNeil: I noted that the hon. Member for Argyll and Bute (Mr Reid) said that coastal communities should benefit, but I was told earlier by a Liberal Democrat that they would look to mess about with a pretended technicality. Unfortunately, that is the usual stance of the Liberal Democrats: on the one hand it is not enough, yet on the other hand it is too much, and the upshot is that they want to leave it all with London. They will be judged in Scotland, so at least we will probably all be saved from having to listen to their pious words for years to come. In short, their position is that London is best, helping local communities is not on their agenda, and they will be voting for the status quo. Highlanders will know what to do at the May elections: sweep the Liberal Democrats away at the ballot box. Both the hon. Gentleman and Labour talk about local communities, but do nothing about that.

The hon. Member for North East Somerset (Jacob Rees-Mogg), whom I have great respect for and like personally, pronounces Na h-Eileanan an Iar very well. He did so not once, not twice, not three times, not four times, but five times. All I can say is he must have had a very good teacher. I should tell him, however, that Crown rights in Scotland long predate George III.

Jacob Rees-Mogg: For the benefit of the Committee, I should say that the hon. Gentleman himself was my teacher.

Mr MacNeil: I accept any accolades coming my way.

I should also point out to the hon. Gentleman that this new clause contains no republican agenda whatever. In fact, ideas of republicanism were not anywhere near the front, let alone the back, of my mind when I was framing it and making my speech. The new clause addresses the difficulties facing local communities; it is not an attack on property rights in Scotland, and the issue addressed here extends further than the Union of the Crowns, as I have said. Those property rights could be abolished by the Scottish Parliament. It has the powers to do that, although it would be what has been described as the nuclear option. These property rights are controlled by the Scottish Parliament, and they could be gone.

Mr Reid: The hon. Gentleman is right to say that the Scottish Parliament already has those powers. He has not responded to what I said earlier about section 1(3) of the Crown Estate Act 1961, however. The hon. Gentleman says his new clause will do great things for highland communities, but how is transferring the 6% of the profits of the Crown Estate from London to Edinburgh going to benefit local communities?

Mr MacNeil: The hon. Gentleman has been living in Scotland long enough to know that Ministers in Scotland and the Scottish Parliament are far more susceptible to pressure from communities in Scotland than the Chancellor of the Exchequer is at No. 11 Downing street.

The hon. Member for North East Somerset will not be surprised to learn that I am no great fan of the 1707 Union, but I am quite relaxed about the 1603 Union and the maintenance of Her Majesty as the Queen. The hon. Member for Liverpool, Walton (Steve Rotheram) put it to me that Scotland does indeed have a king and his name is Kenny, but that is a little beside the point. I am happy to maintain the Crown, as Canada, Australia and New Zealand do. My point is about the movement of powers from Westminster to the most democratic forum representing Scotland, which is the Scottish Parliament—that is the right way to proceed.

Jim McGovern (Dundee West) (Lab): The hon. Gentleman says that he has no wish for his contribution to be viewed as republicanism. What are his views on republicanism?

Mr MacNeil: I think it works quite well in America, Ireland and France—

8.30 pm

Mr Gregory Campbell (East Londonderry) (DUP): It does not work well in Ireland.

Mr MacNeil: I should have known that someone from the economic powerhouse that is Northern Ireland was sitting behind me—I say that with irony.

Unfortunately, the Minister indulges in the usual slurs and dogma, and he is wrong in some of his assertions. He said nothing about helping communities; he tried to pin all this on some sort of political agenda in the Scottish National party. The new clause is not about that; it is about the powers people need to affect the day-to-day occurrences in their communities and around their islands. Tonight, people will see past the words of certain politicians.

Fiona O'Donnell: Will the hon. Gentleman give way?

Mr MacNeil: No. I do not know when we last had a vote on this, but tonight's vote will enable people to make many judgments for years to come. We will judge this for years to come.

Question put, That the clause be read a Second time.

The Committee divided: Ayes 8, Noes 448.

Division No. 227] **[8.31 pm**

AYES

Durkan, Mark
Edwards, Jonathan
MacNeil, Mr Angus Brendan
McDonnell, Dr Alasdair
Robertson, Angus
Weir, Mr Mike
Whiteford, Dr Eilidh
Williams, Hywel

Tellers for the Ayes:
Stewart Hosie and
Pete Wishart

NOES

Abrahams, Debbie
Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Austin, Ian
Bacon, Mr Richard
Bagshawe, Ms Louise
Bailey, Mr Adrian
Bain, Mr William
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Banks, Gordon
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barron, rh Mr Kevin
Barwell, Gavin
Bebb, Guto
Begg, Dame Anne
Beith, rh Sir Alan
Bellingham, Mr Henry
Benn, rh Hilary
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman-Woods, Roberta
Blackwood, Nicola
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Brown, Mr Russell
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Campbell, Mr Alan
Campbell, Mr Gregory
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chapman, Mrs Jenny
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Tom
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Coffey, Dr Thérèse
Collins, Damian
Connarty, Michael
Crabb, Stephen
Creasy, Stella
Crockart, Mike
Crouch, Tracey
Cruddas, Jon
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
David, Mr Wayne
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Geraint
Davies, Glyn
de Bois, Nick
De Piero, Gloria
Denham, rh Mr John
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle, Gemma
Doyle-Price, Jackie
Drax, Richard
Dugher, Michael
Duncan, rh Mr Alan
Dunne, Mr Philip
Efford, Clive
Ellis, Michael
Ellison, Jane
Ellman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie
Esterson, Bill
Eustice, George
Evans, Chris
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark

Flello, Robert
Flint, rh Caroline
Flynn, Paul
Foster, rh Mr Don
Fovargue, Yvonne
Francis, Dr Hywel
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Gapes, Mike
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Gilmore, Sheila
Glass, Pat
Glen, John
Glindon, Mrs Mary
Goldsmith, Zac
Goodman, Helen
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greenwood, Lilian
Grieve, rh Mr Dominic
Griffith, Nia
Griffiths, Andrew
Gummer, Ben
Gwynne, Andrew
Gyimah, Mr Sam
Hain, rh Mr Peter
Halfon, Robert
Hamilton, Mr David
Hamilton, Fabian
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendrick, Mark
Hendry, Charles
Hepburn, Mr Stephen
Herbert, rh Nick
Hermon, Lady
Heyes, David
Hilling, Julie
Hinds, Damian
Hoban, Mr Mark
Hodgson, Mrs Sharon
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hood, Mr Jim
Hopkins, Kelvin
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Hunt, Tristram
Hunter, Mark
Hurd, Mr Nick
Irranca-Davies, Huw
Jackson, Mr Stewart
James, Margot
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Mr Kevan
Jones, Mr Marcus
Joyce, Eric
Kawczynski, Daniel
Kelly, Chris
Kendall, Liz
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lavery, Ian
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Mr Ivan
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Love, Mr Andrew
Lucas, Ian
Luff, Peter
Lumley, Karen
Macleod, Mary
Mactaggart, Fiona
Main, Mrs Anne
Marsden, Mr Gordon
May, rh Mrs Theresa
Maynard, Paul
McCarthy, Kerry
McCartney, Jason
McCartney, Karl
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McIntosh, Miss Anne
McKechin, Ann
McKinnell, Catherine
McPartland, Stephen
McVey, Esther
Meale, Mr Alan
Mearns, Ian
Menzies, Mark
Metcalfe, Stephen
Michael, rh Alun
Miller, Andrew
Miller, Maria
Mills, Nigel
Milton, Anne
Moon, Mrs Madeleine
Mordaunt, Penny
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Morris, Grahame M. *(Easington)*
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munn, Meg
Munt, Tessa
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nash, Pamela
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Donnell, Fiona
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Pearce, Teresa
Penrose, John
Percy, Andrew
Phillips, Stephen
Phillipson, Bridget
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Reynolds, Jonathan
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, John
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Rudd, Amber
Ruddock, rh Joan
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Seabeck, Alison
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Sheridan, Jim
Shuker, Gavin
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Henry
Smith, Julian
Smith, Owen
Smith, Sir Robert
Soubry, Anna
Spellar, rh Mr John
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Sutcliffe, Mr Gerry
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tami, Mark
Teather, Sarah
Thomas, Mr Gareth
Thornberry, Emily
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, rh Keith
Vaz, Valerie
Vickers, Martin

Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Walley, Joan
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whitehead, Dr Alan
Whittaker, Craig
Wicks, rh Malcolm
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Wilson, Phil
Wilson, Mr Rob
Wilson, Sammy
Winterton, rh Ms Rosie
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Mr Iain
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and
Miss Chloe Smith

Question accordingly negatived.

New Clause 11

TIME

'In Schedule 5, section L, subsection L5 of the 1998 Act the words ", time zones and the subject matter of the Summer Time Act 1972." are deleted.'.—*(Mr MacNeil.)*

Brought up, and read the First time.

8.45 pm

Mr MacNeil: I beg to move, That the clause be read a Second time.

This is my third speech of the evening and I plan not to take too much time about it. The hon. Member for Rutherglen and Hamilton West (Tom Greatrex) asked whether we could have the past five hours back. For most of that I blame the hon. Member for Central Ayrshire (Mr Donohoe), who took up more than half that time.

My ongoing dispute with the assignation of time in the UK is firmly on record, with three speeches in *Hansard* over the past few years. It is my intention with the new clause to put an end to my shouting at the sun that happens periodically in this place. The new clause has more to do with how we deal with the amount of sunlight that we have in Scotland and how that relates to time. It deals with any changes to the clocks in the UK.

As anyone north of Manchester knows, the northern part of the island known as Great Britain and the islands to the west and the north of Great Britain are subject to very odd sunlight patterns at times, owing to our longitude and latitude and the alignment of our islands. We have very different periods of daylight in the UK, both summer and winter. Our winter days are short, with sunrise not happening till 9 am, so we must be able to adjust our clocks for the best use of time. Over the past few centuries, politicians have been bringing forward proposals to address the issue, with the most recent proposal occurring in this Parliament as a private Member's Bill, when the hon. Member for Castle Point (Rebecca Harris) demonstrated that there is still a drive to change the clocks unilaterally.

At present, 65% of Scots are against changing the clocks, according to a YouGov survey in February 2010. However, if fewer than 300 MPs at Westminster voted to change the clocks in the UK, those MPs would change the lives of millions. The Government can make these changes and the Scots Parliament has no redress. It has been and will continue to be argued that it will be impossible for someone in Scotland to call someone in England because of the time difference, which is bunkum, or that it will not be possible to take a train, because it is beyond the capability of the human mind for someone to adjust their watch by an hour—again, bunkum. I have faith that everyone can adapt to the slightest change.

Mark Lazarowicz: I am not sure why the hon. Gentleman has changed his position from the one that he took in the debate on 26 January 2007 on the Energy Saving (Daylight) Bill, when he said:

"Unfortunately, we cannot go down the two time zones route. . . We cannot have two different time zones in the UK."

When pressed by some amazed MPs, the hon. Gentleman repeated that

"we cannot operate two time zones".—[*Official Report*, 26 January 2007; Vol. 455, c. 1733.]

He said a third time in that debate that he could not support two time zones in the UK, but his new clause would allow precisely that. I wonder why he has changed his position.

Mr MacNeil: My position has not changed. The point of the new clause is to make sure that nothing is foisted on Scotland. It will also put the brakes on any attempt to introduce two time zones.

Sheila Gilmore: No one is more against the proposal to change the time zones than I am, because I lived through the previous experiment and it was awful. However, the hon. Gentleman said that he did not want two time zones, but if his new clause was accepted and the UK Parliament voted to change the hours, the effect would be just that—two time zones.

Mr MacNeil: My new clause would make it unlikely—or even impossible—that a time change could be foisted on the people of Scotland, because of people's fear of having a change in time zones.

More astute Members will know that my new clause does not call for a separate Scottish time zone. What I am saying is that if the UK Government make a decision regarding time systems, the Scots Parliament should have the right to make the best choice for Scotland. That is not a revolutionary or novel suggestion: the Northern Ireland Assembly at Stormont has that power, as does the Parliament of the Isle of Man. I note that they have not yet changed their time systems, even though they have the right to do so to address the needs of the people of Northern Ireland or the Isle of Man. The Scottish Government should have the same powers.

Sir Alan Beith (Berwick-upon-Tweed) (LD): My constituency would be significantly affected if there was a different time zone just down the road from Berwick-upon-Tweed. Does the hon. Gentleman not recognise that in many ways he would make it easier for the UK Government, looking at the matter from an English point of view, to create a time system that was unwelcome in Scotland, because English MPs could say, "Well, Scotland can do what it likes. We're doing what's best

for England"? With the large of number of English MPs, he might finish up with precisely the results that he most fears.

Mr MacNeil: I take the right hon. Gentleman's point, but the realpolitik of the situation would make that highly unlikely. It is far more likely that something that the Scottish people did not want would be foisted on them.

Mr Frank Roy: Does the hon. Gentleman agree that if his new clause won the day, there would be a far greater possibility of two time zones?

Mr MacNeil: I would ask the hon. Gentleman whether he prefers the possibility of a time zone that the Scots do not want being foisted on them to having two different time zones in the UK. I would prefer the Scots to be able to control their own time zone to the possibility of something being foisted on them, so that they had the same power as the Northern Ireland Assembly in Stormont and the people of the Isle of Man.

Mark Lazarowicz: I genuinely do not understand how the hon. Gentleman has changed his position from the one that he took in 2007. His new clause would not give Scotland a veto power; it would give it the power to decide on time zones and the subject matter of the Summer Time Act 1972. He is bringing the possibility of having two different time zones closer, as the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) pointed out. The hon. Gentleman's new clause would not give Scotland a veto power, and if that is what he wants, why has he not tabled a new clause that would?

Mr MacNeil: The question of a veto goes both ways. I would not seek to veto what the good people of England might want to do, but they would be far less likely to do it, given the realpolitik of the situation, if the people entering the argument on both sides had that power. I am seeking to give the Scots Parliament the same authority as Stormont—an Assembly that seems to have a number of dispensations, including on corporation tax and, in this case, time—and the Isle of Man.

Sammy Wilson (East Antrim) (DUP): Does the hon. Gentleman recognise, first, that this was not a power that was specifically sought by the Assembly at Stormont? Secondly, the freedom that he seeks through the new clause implies the ability to exercise it. However, I cannot think of anyone in Northern Ireland who would wish to exercise it, for all the reasons that have been given so far, the main one being the disruption to movement between the two parts of the United Kingdom.

Mr MacNeil: It may or may not be a power that people in Northern Ireland wish to exercise, but it is a power that they have. It would probably not be a power that anyone would choose to exercise in Scotland either, but it would certainly make the Scottish hand an awful lot stronger in any negotiations with Westminster, as the complexion of the Government changed over time. What I would ask the hon. Gentleman is whether he would wish to surrender that power to Westminster or whether he would keep it.

Sammy Wilson: I do not think that anyone in Northern Ireland would give two hoots whether the power was surrendered or not, because if we are never going to exercise it, why would we worry about losing or gaining it?

Mr MacNeil: I say to the hon. Gentleman, tongue in cheek, that it is "Maybe surrender" from the DUP.

The point is not about using that power, but about the authority that comes from having it. It is about having that club in the golf bag or in the locker. That speaks to a wider problem with devolution: the UK Parliament can potentially take damaging action against a nation of the Union, but that nation's Parliament or Assembly has, in the main, no redress and must accept the action. This might sound a bit drastic, but the way the Scotland Act is designed ensures that the UK Government, for better or worse, have unilateral power to make substantial decisions for the entire UK, regardless of what another part of the UK thinks.

Of course, Members should be reminded that "UK Government" does not mean this Parliament, as we saw with the Scottish Adjacent Waters Boundaries Order 1999, which affected 6,000 square miles of Scottish waters, as was mentioned earlier. I understand that the current Government are not committed to changing the clocks, but I would sleep much better at night if we could ensure that a clock change would have to be agreed by the Scots Parliament and that we had that power in Scotland before it took effect. It speaks volumes that the opposition to independence, and even to full fiscal autonomy or control over time, is full of the politics of fear.

Mr Russell Brown: Will the hon. Gentleman give way?

Mr MacNeil: No, you're fine.

If the Government and the Unionist parties truly believe that this is an economic arrangement that is in the best interests of the people who live in the islands, they have nothing to fear by giving Scotland control over clocks, coastguards, elections and fiscal autonomy—the whole gamut. There is usually nothing but dogma blocking good sense.

Iain Stewart: It is with a heavy heart that I rise to oppose the new clause tabled by the hon. Member for Na h-Eileanan an Iar (Mr MacNeil)—I hope my pronunciation is acceptable. As he mentioned, we had an interesting debate on the private Member's Bill on daylight savings before Christmas. He and I, along with an eclectic mix of Members, went into the No Lobby to oppose it. I agree with him about the effects that central European time or double summer time, whatever we call it, would have on Scotland, on other parts of the UK and on various categories of workers in different industries. I am at one with him on that and have great sympathy with his motives, but I cannot agree with the methodology he uses to arrive at his conclusions. I agree with my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith), who noted that the new clause, if successful, would make it easier for the House to approve a move to central European time or double summer time and that we would end up with two time zones in the UK.

[Iain Stewart]

Before moving on to some of the practical difficulties that such a move would entail, I caution the hon. Member for Na h-Eileanan an Iar against opening up head L5 of schedule 5 to the Scotland Act 1998, because along with

"Timescales, time zones and the subject-matter of the Summer Time Act 1972",

a host of other matters are reserved, including

"The calendar; units of time; the date of Easter".

We are already in enough trouble with Cardinal Keith O'Brien about other matters before we start tinkering with the date of Easter, so I urge some caution in going down that route.

As Members have explained, it would be hugely impractical to have different time zones within the UK. Other countries, of course, do have different time zones: Australia has four, Canada has six and Russia has eight. However, Australia is 2.9 million square miles in size, Canada 3.8 million square miles and Russia 6.6 million square miles. The UK is 94,000 square miles in size. To have different time zones in a relatively small geographic area is ludicrous. I can think of all sorts of practical difficulties that that would entail, particularly for people living in areas on either side of the border. People in Carlisle and Dumfries, for example, would have all sorts of problems adjusting their clocks as they went back and forward over the border. Would "News at Ten" be subject to the Trades Description Act if it did not broadcast as "News at Ten (but Nine o'clock in Scotland)"?

9 pm

Mr Davidson: If there had been a different time, would the news of the Barnsley by-election result have arrived sometime in the middle of the morning?

Iain Stewart: The hon. Gentleman mentions an important reason why we should resist such a measure. I recall his state of excitement and sleeplessness as he awaited the result, and he might have had to wait a little longer to receive the information that he sought.

Mr Davidson: Is it not possible that I might have heard the Barnsley by-election result before the polls had closed in Barnsley?

The Temporary Chair (Mr Joe Benton): Order. I think we have heard enough about the Barnsley by-election. Can we please come back to new clause 11?

Iain Stewart: I certainly shall, Mr Benton. The hon. Gentleman tempted me down an interesting path.

Members who were present yesterday when we debated clause 26, which relates to the definition of a Scottish taxpayer, might recall our discussions about how to define a Scottish taxpayer based on their place of residence at the end of the day. I expressed some concern for my friend who would be travelling on the Caledonian sleeper and mentioned the uncertainty that would arise if he boarded the train in Glasgow or Edinburgh at, say, 10.30 pm and was in Scotland at the end of the day as far as that was concerned, but the train crossed the border at midnight. I asked, would he be in Scotland or England for tax purposes? We would now add in a different time zone.

Mr Weir: I take it, then, that the hon. Gentleman's friend would be terrified of taking the Eurostar to France.

Iain Stewart: The devolution of tax powers to Normandy or Brittany is slightly outwith the scope of this Bill, so I will not risk the ire of Mr Benton by going down that route.

If there were a different time zone and England were an hour behind Scotland, my friend could board the train in Glasgow before midnight and arrive in England before midnight, so goodness knows what tax status he would incur for that journey. We often hear of the Bermuda triangle, but I do not want to introduce a Beattock triangle.

Roger Williams (Brecon and Radnorshire) (LD): Does the hon. Gentleman think that arriving before one sets off is a contradiction of the general law of relativity?

Iain Stewart: I am grateful for that information. Unfortunately I ceased to study physics after higher grade, so I am not qualified to go down that route.

The example I cite is perhaps slightly silly but there is a sensible point. It illustrates the practical difficulties that would arise if we had different time zones in a small geographical area. Although I am at one with the hon. Member for Na h-Eileanan an Iar in opposing the introduction of central European time or any other Europeanisation of our time in this country, I must reluctantly oppose the new clause. I urge him and other Opposition Members to continue to oppose any moves in this place to introduce such a time zone in Scotland or anywhere else in the United Kingdom.

Mr Russell Brown: I will be brief. My hon. Friend the Member for Glasgow South West (Mr Davidson) mentioned something that is not a pastime of every Scot, despite what some people might think. It relates to drinking hours and what would happen if we operated in two different time zones.

I think back to many years ago when the pubs in Scotland used to close at 10 pm, whereas in Carlisle and in Cumbria, on the border, they closed at 11. We saw people walking down the road at 10 o'clock closing in Scotland and heading for the first hotel to partake of their pastime in Cumbria, so the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) needs to be very careful.

Mr MacNeil: My new clause does not call for two time zones. Having lived in Gretna, I should like to know how long it would take me to walk from there to Carlisle for a pint. I suggest that it would be more than an hour, and that the bars would be closed by the time I got there.

Mr Brown: I must tell the hon. Gentleman that we have moved on: we now have trains, buses and taxis, so people would not necessarily walk.

I want to get back to the debate on the hon. Gentleman's new clause, because I want the House to have time to debate new clause 19 as well. The hon. Member for Milton Keynes South (Iain Stewart) said that the hon. Gentleman's proposal was ludicrous; I would go further and say that it is sheer lunacy. In January 2007, the

Energy Saving (Daylight) Bill was introduced by the hon. Member for South Suffolk (Mr Yeo). Many Members might have considered supporting it, but for the fact that it contained a nasty clause that gave the devolved Administrations the opportunity to opt out. I ask the hon. Member for Na h-Eileanan an Iar and others who support his proposal to consider how the drivers in a small haulage business based in two locations—let us say Carlisle and Dumfries—would manage the tachograph when moving from one side of the border to the other.

The new clause makes no sense whatever. I hope that, rather than dividing the Committee on the proposal, the hon. Gentleman will see sense. His proposal would make it more likely that we would end up with two different time zones. I urge him to withdraw the new clause.

Fiona O'Donnell: I will make my contribution brief as well, although I shall not speak at quite the same speed as the hon. Member for Na h-Eileanan an Iar (Mr MacNeil). He reminded me of a child who needed to go to the toilet as he delivered his speech so terribly quickly. The hon. Member for Milton Keynes South (Iain Stewart) said that he had risen to speak with a heavy heart. I am rising with a sore head, and that is not just about the sleep deprivation that I mentioned earlier. It is because I honestly cannot understand what possessed the hon. Member for Na h-Eileanan an Iar to table this new clause. He cannot bring a proposal before the Committee and then not want us to discuss its possible implications. He cannot tell us what any Scottish Government, even his own, might choose to do with such powers, given that he voted against the sell-off of the forests in England while his Government tried to sell off the forests in Scotland. It is essential that we scrutinise the implications of the new clause. It exposes the fact that the SNP is good at minority reports and at gesture politics, but not good at government.

Dr Whiteford: I will take entirely personally the hon. Lady's positive comment about minority reports. I took part in a debate on the issue of time zones a few months ago, and I was struck by the strength of feeling among many Government Members who represent English constituencies who would really like to see the time zones in this country change. My worry is that that would plunge my constituents into darkness on winter mornings, meaning that they would have to contend not only with icy roads and low temperatures but with limited amounts of sunlight. A Scottish Government would have no room in any negotiations on that matter, should a Government in this place choose to impose a change to the existing arrangements. As I understand it, the whole point of my hon. Friend's new clause is to strengthen the likelihood of maintaining the existing arrangements, not to undermine them.

Fiona O'Donnell: I am still struggling to follow this argument. The SNP is asking for a power that it says it has no intention of using because the effects would be undesirable. The hon. Member for Na h-Eileanan an Iar seemed to say that, should the time zone change here, he would recommend that the Scottish Government fell in line with such a decision as he had no intention of having two different time zones. It has already been pointed out that we are far more likely to end up with two time zones if we devolve this power. It would be easier for such a decision to be taken simply on the basis of taking English concerns into account.

Mr Frank Roy: Does my hon. Friend agree that the only way to have two time zones in the United Kingdom is to vote for the new clause?

Fiona O'Donnell: Absolutely; I could not have put it more simply. My headache immediately disappears and we have clarity.

There are some questions that I would like the hon. Member for Na h-Eileanan an Iar to address. First, has he spoken to Microsoft or other PC manufacturers about their systems and whether they would be able to cope with this change? Has he considered the implications for travel? It is possible that I could leave my constituency and be in this place before I had left. I wonder how the Independent Parliamentary Standards Authority would respond to time travel and thinking that I came to this place in a Tardis. We have already heard about television and radio schedules. These are serious concerns, and they are the implications of what he is asking for. We might get the 10 o'clock news at 9 o'clock or 11 o'clock, we might know the results of the national lottery draw in Scotland before it is made in England. I have seen SNP Members holding their heads in their hands as we put forward these various possibilities, but if the hon. Gentleman is going to push the Committee to vote on this matter, he has to consider the ramifications.

Let us be clear about this: the SNP is no good in government in Holyrood, is no good in government in local authority areas, and in this Chamber it is putting forward a most ridiculous proposal that I hope the Committee will oppose.

Thomas Docherty: I want to make two observations based on an example taken from either side of the Committee. Under this proposal, the Minister from the Scotland Office could be taken in his Government car from his very nice house in Moffat down to Carlisle and then go back in time an hour to catch a train that had left Carlisle an hour earlier.

Mr MacNeil: I think that the hon. Gentleman, along with other Members, is confusing the instruments we use to measure time—clocks—with time itself.

Thomas Docherty: I think that the hon. Gentleman's time is up.

Alternatively, my hon. Friend the Member for Dumfries and Galloway (Mr Brown) could leave his house, travel the 12 miles to Carlisle train station, and find that he is catching a train an hour earlier than he left his house. That is ludicrous.

Mr Weir: I am puzzled by this obsession with train times. Does the hon. Gentleman recall that for many years Switzerland, in the centre of Europe, had a different time zone from all the countries round about, and had trains going through on both sides? They did not vanish into thin air—they went in one end and came out the other. There is no problem about measuring time; this is utter nonsense.

Thomas Docherty: The hon. Gentleman takes me back to our debate on the railways. It might be helpful to certain Members to know that the railways are the reason we have a unified time zone across the United Kingdom. Up until the Victorian era, which certain

[Thomas Docherty]

Members clearly wish to drag us back to, there were different time zones in the west country, for example, from those in East Anglia. That was a ludicrous way to run a transport system, and that is why this is a mad idea from a fairly mad individual.

The other logistical issue touches on the point made earlier about Barnsley. In a general election, there could not be any exit polls or opening of ballot boxes until every area's voting had closed at 10 o'clock. The people of Scotland would have voted from 7 am until 10 pm, according to their time, but in England it would have taken place from 6 am until 9 pm, so we would have to wait another hour before the opening of the ballot boxes, which brings us back to the debate about telling on the following day.

That goes to the heart of the fact that this is a nonsensical argument from a party that is trying to get independence. All SNP Members' arguments about other countries arise from the fact that they cannot win the debate at the ballot box. They are going to be beaten in May harder than certain people were beaten in Barnsley last month, and this is another of their back-door efforts that should be rejected out of hand.

The Temporary Chair (Mr Joe Benton): Order. For the record, I do not think that it was the intention of the hon. Member for Dunfermline and West Fife (Thomas Docherty) to declare the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) mad.

9.15 pm

Mr Davidson: I will start with a question. If the new clause is passed and the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) goes to the other place, will that make him a time Lord? I hope that he presses the matter to a vote, because I can think of nothing that characterises the SNP more than this proposal for separate time zones.

As far as I can see, there are only two ways in which this new clause can operate. If the United Kingdom Parliament decides to change the time, it would give the Scottish Parliament the opportunity not to do so, in which case there would be separate time zones. Alternatively, the Scottish Parliament could decide to change the time on its own without the United Kingdom Parliament doing so, in which case there would be separate time zones. I see no logic for giving this power to the Scottish Parliament, except if one wants separate time zones. It is ludicrous.

The comments of the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) are key in this argument. The new clause would make it much more likely that this Parliament, with an overwhelming majority of English Members, would vote for what suited it and leave the Scots to either follow or not. That would undermine the position of Scottish MPs in representing their constituents' interests in this place. The proposal is absolutely and utterly absurd.

We must also take into account what I consider to be the al-Megrahi argument. Part of the reason for the release of al-Megrahi was simply to show that the Scottish Parliament could do it. It had a power and wanted to show that it could use it, so it did. Giving the Scottish Parliament the power to change the clocks would present it with a strong temptation to do it just to show that it could, and to drive as big a wedge as possible between Scotland and the rest of the United Kingdom. That is a very real danger.

We should consider what sort of time difference the SNP would want. I think that it would probably go for something like—

Mr Russell Brown: A century.

Mr Davidson: Perhaps it would be a century, but I think that it would be just under an hour and a quarter. In that way, when it was noon by Greenwich mean time, it would be about 13.14 in Scotland. Scotland would constantly be on Bannockburn time. I think that the concept of Bannockburn time is what the nationalists are after: "Here's tae us, wha's like us. A lot of them are deid now right enough, but we do actually remember them." This proposal is simply about seeking division for its own sake.

The hon. Member for Milton Keynes South (Iain Stewart) was very helpful in reminding us that schedule 5 to the Scotland Act 1998 covers more matters than just time. It also covers the calendar. I am sure that the idea of a public holiday on Alex Salmond's birthday will be a recommendation from the SNP. We have had the Julian calendar and a variety of different calendars. A nationalist calendar is the logical consequence. Why should an independent country be stuck with the same calendar as England? There are logical arguments for that, but the SNP is not the party of logical arguments; it is the party of passion, of Bannockburn and of "Here's tae us, let's be separate."

I think that there is a real difficulty in all of this. I very much hope that the SNP does not chicken out here. I hope that it puts the new clause to the vote so that we can see just how ludicrous its proposals are, and the extent to which it is treating the Scotland Bill as nothing more than a joke. We are trying to improve the governance of Scotland; the SNP is trying to create divisions. The proposal to have separate time zones is absurd.

David Mundell: I am starting to be very concerned about the extent to which I agree with the hon. Member for Glasgow South West (Mr Davidson). Indeed, the hon. Member for the Western Isles has done something remarkable this evening—he has led me to agree 100% with the hon. Member for Dumfries and Galloway (Mr Brown), which is a very rare occurrence. I could not have put it better—the new clause is sheer lunacy, and Members on both sides of the Chamber have set out why.

It is important to reflect on the findings of the Calman commission, which highlighted the importance of cross-border institutions and functions of the UK Government that bind the people of Scotland and the rest of the UK in a "social union". It stated its view that a consistent British isles time zone was an important aspect of that. Of course, the SNP wants to destroy that social union. As has been said in the debate, having two separate time zones in the UK is one way in which it would seek to do so.

I think it was the hon. Member for Edinburgh North and Leith (Mark Lazarowicz) who pointed out the contradiction in the position of the hon. Member for

Na h-Eileanan an Iar (Mr MacNeil), who has spoken passionately against any proposal to change the time, but who has now tabled a new clause that makes the change that he says he opposes much more likely.

From the outset, this Government have said that they would not consider adopting single/double summertime, central European time or any variation on them without the agreement of all nations of the UK. The Prime Minister has been unequivocal in stating that having different times operating concurrently in the UK is not an option. On Second Reading of the Bill introduced by my hon. Friend the Member for Castle Point (Rebecca Harris), the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), made clear the Government's opposition to the Bill. Additionally, as the hon. Member for the Western Isles will be aware, at the time of the publication of the UK Government's tourism strategy on 4 March, the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Weston-super-Mare (John Penrose), reiterated the Government's commitment that no change to current policy would happen without the approval of the whole UK.

Were the new clause to be accepted, Scotland would have the power to determine its own time zone. As the hon. Member for Glasgow South West pointed out, that would give the Scottish Parliament the capacity to make a change just for the sake of being different. The contribution to the debate that I thought was most illustrative was the one from Northern Ireland, from the hon. Member for East Antrim (Sammy Wilson). He indicated that although the power in question was available there, nobody would wish to use it. That brings us back to the dogma of the SNP in making proposals, as I have said before, either because it sees them as a way of breaking up the UK or simply for the sake of having power.

If Scotland were to have a different time zone from the rest of the home nations, daily transactions between Scotland and the rest of the British Isles would take on an unwanted added complexity. Importantly, it could put Scotland at an economic disadvantage. It could certainly disadvantage my constituents, and those of the hon. Member for Dumfries and Galloway and the Secretary of State for Scotland, which should not be countenanced.

The new clause would be detrimental to the Union between the people of Scotland and those of the rest of the UK, which is clearly why it was tabled. It runs contrary to the spirit and effect of the Bill and the views of the Calman commission, which put at the heart of its work the retention of the United Kingdom. Anyone who has a commitment to retaining the UK should oppose the new clause.

Mr MacNeil: The hon. Member for Milton Keynes South (Iain Stewart) pronounced my constituency name well, putting the Minister to shame—I note again that he referred to my constituency by its old name.

The hon. Member for Milton Keynes South and I agree on many things, and have together worked to fight off the forces of darkness who are trying to force central European time on us—they call it Churchill time, but we call it Chamberlain time, because it is definitely appeasement. He can rest assured that the date of Easter will remain the first Sunday after the first full moon after the equinox, which perhaps brings me neatly to the hon. Member for Glasgow South West (Mr Davidson). He is not keen on Bannockburn time, but I wondered whether he was working on moon time given some of his interventions and suggestions.

I am calling not for the time zone to change, but for the power to ameliorate if London makes a change. We in Scotland want to keep the time as it is. The danger is that London will foist something on Scotland that we do not want. The new clause is about giving the power to Scotland.

Mr Reid: The Minister gave the hon. Gentleman the assurance that the Government have said that there will be no change unless all four countries of the UK agree.

Mr MacNeil: That is very useful, but we do not know how long the Government will stand. How long will the Liberals and Tories remain in this embrace? We know that one Government do not bind another, and certainly that one Parliament does not bind another. This Government will probably not even bind themselves for much longer, but who knows? We want to give Scotland the power that Northern Ireland and the Isle of Man have.

The hon. Member for East Lothian (Fiona O'Donnell) has moved from what might once have been called rapacious socialism to a great concern for Microsoft—with not so much concern for the darkness of her constituents. Could Microsoft cope with the new clause? Yes, I think it could.

The hon. Member for Dumfries and Galloway (Mr Brown) seemed to be happy for the time difference to be foisted upon us and for us not to have a say. Many countries throughout the European continent—there are about 50—including small countries, have such a power. They choose to work together, but they feel that it is better to have the club in their bag. They find stability in that. There is instability here because Members from the south of England are ganging up and, because of amnesia of the last 30 or 40 years, changing the time zone on us.

I have a note here on the hon. Member for Dunfermline and West Fife (Thomas Docherty)—it says simply that I am disappointed in him. It is more likely that we would have different time zones in Europe if different countries did not have such a power. People tend to work together, but we should ensure that everybody has the same thing to take to the table. If we do not give Scotland this power, and if the time zone changes and we want to keep it as it is, the guilty will be all around us.

Question put, That the clause be read a Second time.

The Committee divided; Ayes 6, Noes 439.

Division No. 228] **[9.27 pm**

AYES

Edwards, Jonathan	Wishart, Pete
Hosie, Stewart	
MacNeil, Mr Angus Brendan	**Tellers for the Ayes:**
Robertson, Angus	**Mr Mike Weir and**
Williams, Hywel	**Dr Eilidh Whiteford**

NOES

Abrahams, Debbie	Afriyie, Adam
Adams, Nigel	Aldous, Peter

Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Austin, Ian
Bacon, Mr Richard
Bagshawe, Ms Louise
Bailey, Mr Adrian
Bain, Mr William
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Banks, Gordon
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Begg, Dame Anne
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman-Woods, Roberta
Blackwood, Nicola
Blenkinsop, Tom
Blomfield, Paul
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Brown, Mr Russell
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Byles, Dan
Cable, rh Vince
Campbell, Mr Alan
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Caton, Martin
Chapman, Mrs Jenny
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Tom
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Coffey, Dr Thérèse
Collins, Damian
Connarty, Michael
Cox, Mr Geoffrey
Crabb, Stephen
Creasy, Stella
Crockart, Mike
Crouch, Tracey
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Davey, Mr Edward
David, Mr Wayne
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Geraint
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
De Piero, Gloria
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle, Gemma
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Efford, Clive
Ellis, Michael
Ellison, Jane
Ellman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie
Esterson, Bill
Eustice, George
Evans, Chris
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Foster, rh Mr Don
Fovargue, Yvonne
Francis, Dr Hywel
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Gapes, Mike
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Gilmore, Sheila
Glass, Pat
Glen, John
Glindon, Mrs Mary
Goldsmith, Zac
Goodman, Helen
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greening, Justine
Greenwood, Lilian
Grieve, rh Mr Dominic
Griffith, Nia
Griffiths, Andrew
Gummer, Ben
Gwynne, Andrew
Gyimah, Mr Sam
Hain, rh Mr Peter
Halfon, Robert
Hamilton, Mr David
Hamilton, Fabian
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Hanson, rh Mr David
Harper, Mr Mark
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendrick, Mark
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Heyes, David
Hilling, Julie
Hinds, Damian
Hoban, Mr Mark
Hodgson, Mrs Sharon
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Hurd, Mr Nick
Irranca-Davies, Huw
Jackson, Mr Stewart
James, Margot
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Mr Kevan
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kendall, Liz
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lavery, Ian
Laws, rh Mr David
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Mr Ivan
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Mactaggart, Fiona
Main, Mrs Anne
Marsden, Mr Gordon
May, rh Mrs Theresa
Maynard, Paul
McCabe, Steve
McCarthy, Kerry
McCartney, Jason
McCartney, Karl
McClymont, Gregg
McCrea, Dr William
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McIntosh, Miss Anne
McKechin, Ann
McKinnell, Catherine
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Meale, Mr Alan
Mearns, Ian
Menzies, Mark
Metcalfe, Stephen
Michael, rh Alun
Miller, Andrew
Miller, Maria
Mills, Nigel
Milton, Anne
Moon, Mrs Madeleine
Mordaunt, Penny
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Morris, Grahame M. *(Easington)*

Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munn, Meg
Munt, Tessa
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nash, Pamela
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Donnell, Fiona
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Pearce, Teresa
Penrose, John
Percy, Andrew
Phillips, Stephen
Phillipson, Bridget
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Reynolds, Jonathan
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, John
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Rudd, Amber
Ruddock, rh Joan
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Seabeck, Alison
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Sheridan, Jim
Shuker, Gavin
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Owen
Smith, Sir Robert
Soubry, Anna
Soulsby, Sir Peter
Spellar, rh Mr John
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Ms Gisela
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Sutcliffe, Mr Gerry
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tami, Mark
Teather, Sarah
Thomas, Mr Gareth
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, rh Keith
Vaz, Valerie
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Walley, Joan
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Watts, Mr Dave
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whitehead, Dr Alan
Whittaker, Craig
Wicks, rh Malcolm
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Wilson, Phil
Wilson, Mr Rob
Wilson, Sammy
Winterton, rh Ms Rosie
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Mr Iain
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and Norman Lamb

Question accordingly negatived.

Mr Davidson: On a point of order, Mr Evans. Has it been established that all Members were aware of the time at which the vote was held? I understand that two of the nationalists will be here in about an hour and a quarter.

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): We will now move on to new clause 19.

New Clause 19

REGULATION OF FOOD LABELLING AND CONTENT

'In Part 2 of Schedule 5 to the Scotland Act 1998 (reserved matters: specific reservations), at the end of section C8 to add the words "but this exception does not permit the Scottish Parliament to legislate on food content or labelling of foodstuffs that are placed for sale within Scotland".'.—*(Tom Greatrex.)*

Brought up, and read the First time.

Tom Greatrex: I beg to move, That the clause be read a Second time.

I hesitate to introduce an element of gravity to the proceedings, given some of the entertainment that has featured so far. Over the past few hours, however, there has been much debate on issues that did not feature in the Calman report. This issue was dealt with in the report, but it does not feature in the Bill. It featured in the previous Government's White Paper and is referred to in the Command Paper that accompanies the Bill, but it is one of the issues that appear to have fallen off the edge of the Calman process.

During this Committee stage the Government have produced explanations, some convincing and others less so, for the fact that they are not implementing some of Calman's recommendations. Part of the purpose of the new clause is to give them an opportunity to explain why they are not implementing one particular recommendation. I note that the Scottish Parliament legislative consent memorandum Committee, in one of its conclusions, suggested that the Government provide a fuller explanation. As I am sure that its members read the Command Paper before reaching that conclusion, I suspect that merely repeating the terms of the Command Paper will not serve to provide the explanation sought by the Committee.

Fiona O'Donnell: Will my hon. Friend press the Minister to tell us what representations the Government have received from either the retail or the manufacturing sector in support of their action?

9.45 pm

Tom Greatrex: I am grateful to my hon. Friend for her intervention, and I hope to address the point that she has raised.

Calman looked at this issue in a degree of detail. The issue was mentioned in the White Paper of November 2009, but it does not appear in the Bill. The new clause addresses Calman recommendation 5.11, which states:

"The Scottish Parliament should not have the power to legislate on food content and labelling in so far as that legislation would cause a breach of the single market in the UK by placing a burden

[Tom Greatrex]

on the manufacturing, distribution and supply of foodstuffs to consumers, and Schedule 5 to the Scotland Act should be amended accordingly."

Calman looked at the exception of trade descriptions in relation to food from the general reservation of consumer protection issues in the Scotland Act 1998. At the same time, the devolved Administration in the Scottish Parliament have responsibility for public health. The evidence taken by Calman was largely oral, and it was instructive. The chief executive of the Food Standards Agency made it clear in oral evidence that the potential for policy divergence was a concern that should be eliminated by making a change akin to that proposed in this new clause and said that the information should be available throughout the UK. Evidence from representatives of both the Royal Environmental Health Institute of Scotland and the College of Medicine and Veterinary Medicine echoed that point and said there was a potential issue, although I am sure that the Minister will want to remind us that both of them made it clear that in practice there has not been a problem yet. This recommendation was welcomed by the Scottish Retail Consortium, CBI Scotland and the Food and Drink Federation. It was referenced in the Command Paper from which I assume the Minister will draw his remarks on this new clause, and it is a recommendation that we seek to insert into the Bill.

The Scottish Retail Consortium made a number of points about areas in which public health is not a factor, such as that a requirement to label or produce food differently in different parts of the UK places a heavy burden on retailers and manufacturers and could breach the ethos of the single market. A number of examples have been cited—for example, mandatory environmental labelling with different requirements in Scotland from other parts of the UK—that could place a financial and administrative burden on the food industry, and many of the companies affected would be small firms providing specialised products who do not wish their markets to be limited to just one part of the UK. The introduction of this measure would not stop the often successful voluntary schemes that already exist and to which the Command Paper makes reference.

The Government suggest in the Command Paper that potential activity by the Scottish Parliament in food labelling must be agreed by the UK Government and the European Commission, and therefore the protection is in place and is robust enough. The Command Paper goes on to suggest that this Calman recommendation is superfluous. There is a clear argument that it is not superfluous, but that what we require in this matter is clarity. That is the content of the representations from food manufacturers, food retailers and business organisations in Scotland.

This new clause enables the Calman commission recommendation, which mysteriously disappeared between the November 2009 White Paper and the Bill being published, to be enacted. It provides clarity, which is what the industry is looking for, and it provides an opportunity for the Government to deal with an issue that the Command Paper seems to wish to dismiss.

David Mundell: I welcome this opportunity to discuss a substantive issue in relation to the Calman commission report and the subsequent Scotland Bill. It compares favourably with some of the discussions and superfluous issues that have been raised by the SNP during the course of the evening.

Hon. Members will know that the Calman commission made a recommendation on food content and labelling which, as the hon. Gentleman has pointed out, is not included in the Bill. I shall set out the Government's reasons for deciding not to include it, as was made clear in the Command Paper. Although the recommendation seems sensible on paper, it presents a wide range of difficulties in practice, and I shall set those out. As he has said, the Scottish Parliament's report on the Scotland Bill also sought a fuller explanation for the Government's position. The commission made the following recommendation:

"The Scottish Parliament should not have the power to legislate on food content and labelling in so far as that legislation would cause a breach of the single market in the UK by placing a burden on the manufacturing, distribution and supply of foodstuffs to consumers, and Schedule 5 to the Scotland Act should be amended accordingly."

The commission also recommended that the Scottish Parliament's and Scottish Government's abilities to deal with public health issues should remain, so the recommendation does not cover this aspect, and the Government fully support that.

Importantly, and rightly, Calman recognised that food content and labelling are almost exclusively regulated at European Union level, so any scope for national flexibility at member state level when implementing this European law is extremely narrow. Hon. Members will know that general and nutritional labelling is currently being recast in a proposed European regulation. The resulting legislation will be directly applicable across the whole of the United Kingdom. A number of other labelling and food standards matters are governed by European directives.

Even where no specific food-related legislation has been adopted at European Union level, free movement principles mean that any food which can be lawfully sold in any member state must be able to be sold throughout the United Kingdom, and vice versa. Significantly, single market rules seeking to avoid barriers to trade being erected apply equally to rules applied in just one part of a member state. Any national measure would need to be notified at member state level, and clearance would need to be obtained from the European Commission before adoption. Before seeking such clearance, consideration would always need to be given to the potential for any disruptive impact within the United Kingdom.

I emphasise to right hon. and hon. Members that the Scottish Parliament is already in a position where it cannot legislate to set particular Scottish standards for food content in cases where that would breach the single European market or supplement existing European regulations. The Scotland Act prohibits the Scottish Parliament from legislating in a way that is incompatible with Community law, and Scottish Ministers have no power to carry out any executive act which is incompatible with that law—to do so would be ultra vires and any such act would have no effect.

It is relevant to the Calman commission's recommendation that member states may restrict the free movement of goods in exceptional and limited cases. One example where that might be possible is if the Scottish Parliament were to need to take action for

the purposes of public health. Again, however, Calman did not suggest any restrictions in this area. The Government are aware of only two instances where Scottish food legislation imposes different requirements from those that apply in England. First, the sale of raw milk or cream for direct human consumption is banned in Scotland but permitted, subject to certain restrictions, in England—European legislation specifically allows that. Secondly, the rules regarding food storage temperature control requirements are much more detailed in England than in Scotland. Both those differences predate Scotland's ability to make its own legislation and both relate to food safety, not general food labelling or standards. That suggests to the Government that there is not a substantial problem to be addressed. There is therefore no need, in our view, to amend the Scotland Act.

Amending schedule 5 to the Act poses a number of possibly insurmountable problems, at the root of which is the fact that the Calman commission's recommendation seeks to address a particular effect of legislation—that is, the breach of a single market. The purpose test that applies to the reserved matters in schedule 5 to the Act requires both the purpose and the effect of a provision to be taken into account. It is therefore possible for a provision to have an effect on a reserved matter and yet not relate to it when the purpose test is applied. Simply including a matter in schedule 5 does not guarantee that it can never be affected by legislation that is in the competence of the Scottish Parliament.

There is no precedent for enabling the Scottish Parliament to legislate on a matter provided that its legislation only has certain effects. Even if it were possible to create a new type of reserved matter, there would still be problems. Indeed, any such measure would depend on a definition of what is meant by the United Kingdom single market, which is a concept at the heart of Calman's recommendation. Furthermore, any amendment of the Scotland Act would create a divergence between the different countries of the United Kingdom as the devolved institutions in Northern Ireland and Wales are not subject to equivalent restrictions.

To summarise, although Scottish Parliament legislation of the type that Calman's recommendation is designed to prevent is theoretically possible, it is highly unlikely. The likelihood of the Scottish Parliament's legislating on food content and labelling in a field where exemptions can be found from single market legislation and where any applicable European regulations can be simultaneously disapplied is very limited. The likelihood of its doing so for purposes that are not related to legitimate actions in the field of public health is extremely low.

Finally, any national measures on labelling or content where a member state may be able to act would need to be notified to the European Commission at member state level.

Mr Davidson: May I seek guidance from the Minister? If we have a vote on this matter, will all Unionist Members be voting at 10 o'clock and the nationalist Members be voting on the 13.14 principle at quarter past 11?

David Mundell: That is a very good point. One thing that always interests me about those who promote the time change is that they rarely seek to refer to it as central European time and the imposition of time from Europe on the rest of the—

The First Deputy Chairman of Ways and Means (Mr Nigel Evans): Order. It was not a particularly brilliant joke the first time round. Can we now get back to new clause 19?

David Mundell: I apologise, Mr Evans, for getting sucked into matters that diverge from the subject under discussion.

The Government appreciate the concern behind the Calman recommendation, and we have fully considered its implications. The hon. Member for East Lothian (Fiona O'Donnell), who has shown great stamina throughout today's proceedings by taking part in many of the individual debates, asked whether we had consulted the retail and business sector. I am pleased to tell her that I have met the Scottish Retail Consortium and discussed this issue in detail. I have also met the director of the CBI in Scotland, who has also previously set out concerns on this matter. I hope that I have been able to persuade both organisations that the legal basis, which I have set out in detail, is a sound one and is the basis on which the Government did not include that particular recommendation in the Bill.

On the need for legislative change, taking together all the points I have made, the Government do not necessarily consider—

10 pm

Debate interrupted (Programme Order, 27 January).

The Chair put forthwith the Question already proposed from the Chair (Standing Order No. 83D). That the clause be read a Second time.

The Committee divided: Ayes 136, Noes 311.

Division No. 229] **[10 pm**

AYES

Abrahams, Debbie	Docherty, Thomas
Alexander, rh Mr Douglas	Donohoe, Mr Brian H.
Alexander, Heidi	Doran, Mr Frank
Ali, Rushanara	Doyle, Gemma
Austin, Ian	Efford, Clive
Bailey, Mr Adrian	Elliman, Mrs Louise
Bain, Mr William	Field, rh Mr Frank
Banks, Gordon	Flello, Robert
Begg, Dame Anne	Flint, rh Caroline
Berger, Luciana	Flynn, Paul
Betts, Mr Clive	Fovargue, Yvonne
Blackman-Woods, Roberta	Gapes, Mike
Blenkinsop, Tom	Gilmore, Sheila
Blomfield, Paul	Glass, Pat
Brown, Mr Russell	Glindon, Mrs Mary
Campbell, Mr Alan	Goggins, rh Paul
Caton, Martin	Greatrex, Tom
Chapman, Mrs Jenny	Green, Kate
Clarke, rh Mr Tom	Greenwood, Lilian
Connarty, Michael	Griffith, Nia
Cooper, Rosie	Gwynne, Andrew
Creasy, Stella	Hain, rh Mr Peter
Cunningham, Alex	Hamilton, Mr David
Cunningham, Mr Jim	Hamilton, Fabian
Cunningham, Tony	Hanson, rh Mr David
Dakin, Nic	Harris, Mr Tom
Danczuk, Simon	Healey, rh John
David, Mr Wayne	Hendrick, Mark
Davidson, Mr Ian	Heyes, David
Davies, Geraint	Hilling, Julie
De Piero, Gloria	Hodgson, Mrs Sharon
Dobbin, Jim	Hood, Mr Jim

Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Jones, Graham
Jones, Mr Kevan
Kendall, Liz
Lavery, Ian
Lazarowicz, Mark
Lewis, Mr Ivan
Mactaggart, Fiona
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Moon, Mrs Madeleine
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Reynolds, Jonathan
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mr David Anderson and Gregg McClymont

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Durkan, Mark
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Esterson, Bill
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Hosie, Stewart
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McDonnell, Dr Alasdair
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie

Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Angus
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
Whiteford, Dr Eilidh
Whittaker, Craig
Wiggin, Bill
Williams, Hywel
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wilson, Sammy
Wishart, Pete
Wollaston, Dr Sarah
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and Norman Lamb

Question accordingly negatived.

The Deputy Speaker resumed the Chair.

Bill, as amended, reported (Standing Order No. 83D(6)).

Bill to be considered tomorrow.

Business without Debate

DELEGATED LEGISLATION

Mr Deputy Speaker (Mr Nigel Evans): With the leave of the House, we shall take motions 3 to 7 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Road Traffic

That the draft Road Vehicles (Powers to Stop) Regulations 2011, which were laid before this House on 1 February, be approved.

Pensions

That the draft Financial Assistance Scheme (Revaluation and Indexation Amendments) Regulations 2011, which were laid before this House on 31 January, be approved.

That the draft Occupational Pension Schemes (Levy Ceiling) Order 2011, which was laid before this House on 3 February, be approved.

That the draft Pension Protection Fund (Pension Compensation Cap) Order 2011, which was laid before this House on 3 February, be approved.

Local Government

That the draft Greater Manchester Combined Authority Order 2011, which was laid before this House on 7 February, be approved.—*(Angela Watkinson.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

Charter of Fundamental Rights

That this House takes note of European Union Document No. 15319/10, Commission Communication on Strategy for the effective implementation of the Charter of Fundamental Rights by the European Union; supports the Government in welcoming the Commission's work to ensure that EU legislation is compatible with fundamental rights; and notes the Government's support for the principle behind Protocol No. 30 on the Application of the Charter of Fundamental Rights of the European Union to Poland and the United Kingdom, that the Charter does not give national or European courts any additional grounds on which to find that the laws of the United Kingdom are incompatible with the law of the European Union.—*(Angela Watkinson.)*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Monday 21 March, the Speaker shall put the Questions necessary to dispose of the proceedings on the Motion in the name of Sir George Young relating to Members' Salaries not later than one and a half hours after the commencement of proceedings on the Motion; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; proceedings may continue after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Sir George Young.)*

DETENTION OF TERRORIST SUSPECTS (TEMPORARY EXTENSION) BILLS JOINT COMMITTEE

Resolved,

That this House concurs with the Lords Message of 8 March, that it is expedient that a Joint Committee of Lords and Commons be appointed to consider the draft Detention of Terrorist Suspects (Temporary Extension) Bills presented to both Houses on 11 February (Cm 8018).

Ordered,

That a Select Committee of eleven Members be appointed to join with the Committee appointed by the Lords to consider the draft Detention of Terrorist Suspects (Temporary Extension) Bills (Cm 8018).

That the Committee should report on the draft Bills by 9 June 2011.

That the Committee shall have power—

(i) to send for persons, papers and records;

(ii) to sit notwithstanding any adjournment of the House;

(iii) to report from time to time;

(iv) to appoint specialist advisers; and

(v) to adjourn from place to place within the United Kingdom.

That Tony Baldry, Sir Menzies Campbell, Paul Goggins, Mr Greg Knight, Alun Michael and Mr Robert Syms be members of the Committee.—*(Mr David Heath.)*

PETITION

Education Maintenance Allowance

10.14 pm

Sir Peter Soulsby (Leicester South) (Lab): A few weeks ago, my right hon. Friend the Member for Leicester East (Keith Vaz), supported by my hon. Friend the Member for Leicester West (Liz Kendall) and me, launched a city-wide petition against the Government's proposals to abolish the education maintenance allowance. Last week my right hon. Friend presented a petition presented by those who study at Gateway college in his constituency. Tonight I present a petition signed by those associated with Regent college and Wyggeston and Queen Elizabeth I college in my constituency.

Signed by 327 people, the petition states:

The Petition of residents of Leicester and the surrounding area,

Declares that the Petitioners oppose the abolition of the Education Maintenance Allowance; notes that a substantial number of young people are in receipt of the Education Maintenance Allowance in Leicester; and further notes that education can provide a better future for young people.

The Petitioners therefore request that the House of Commons urges the Government not to abolish the Education Maintenance Allowance.

And the Petitioners remain, etc.

[P000901]

Operation Ore (Staffordshire)

Motion made, and Question proposed, That this House do not adjourn.—*(Angela Watkinson.)*

10.15 pm

Robert Flello (Stoke-on-Trent South) (Lab): May I begin my thanking Mr Speaker for granting this debate? Those watching and listening will no doubt wonder why I want to raise something that happened such a long time ago. The simple answer is that my constituents have had to wait such a long time for an apology, and indeed are still awaiting an apology from Staffordshire police. I hope that following the debate the current chief constable, who is an honourable man, will move to ensure that that wrong is corrected without further delay.

I want to say something about Operation Ore in general. All aspects of child pornography are horrific, and I pay tribute to all agencies that act to stamp out that appalling crime. The victims need so much more than just sympathy. However, Operation Ore was not handled well: thousands of people were falsely accused, leading to 100,000 children being wrongly removed from their homes, people's reputations wrongly being destroyed and, tragically, a number of people committing suicide. It is with that in mind that I turn to the circumstances of a constituent who, quite understandably, wishes to remain anonymous. Staffordshire police are fully aware of the case and know to whom I refer.

I wish to take the opportunity presented by the debate to raise the case of that constituent, who in December 2002 was arrested by Staffordshire police as part of Operation Ore, the British part of the global operation against internet child pornography. When I conclude my remarks, I will seek a number of reassurances from the Minister, whom I am grateful to see here this evening to respond to the debate.

Almost four years before the circumstances of December 2002, in January 1999, my constituent reported that his Barclaycard had been stolen. He reported it to a police station in Stoke-on-Trent, which issued him with a crime number, and to Barclaycard, from which he received a refund of £179.76 for some unlawful transactions made in the period between the theft of the card and his reporting it at the police station.

However, on 12 December 2002, eight officers arrived at my constituent's home early in the morning amid a high police presence. Vans were parked for most of the day outside his home, which he shared with his parents, understandably arousing a great deal of interest in the neighbourhood. During the day a considerable amount of property, including computer equipment, was removed from the home. He was arrested on the grounds that the Barclaycard registered to him had been used in 1999 to access a website containing child pornography. I reiterate that it was in January 1999 that he had reported the theft to the police.

My constituent suffers from ulserative colitis, for which he had been taking prescribed medicine, which he informed the police doctor about early in his detention. His medication was brought to the police station promptly but was withheld from him until he was released at 7 o'clock that evening. As a result of the stress of his arrest and the withholding of his medication, his medical

condition worsened, necessitating a medical referral to a consultant in order to rebalance the medication. It is only in recent years that his health has improved following the stress of that incident.

On 13 December 2002, the following day, my constituent was able to provide Staffordshire police with evidence that he had, indeed, reported the theft of his credit card in January 1999, and of the resulting refund from Barclaycard. As a result, no charges have ever been brought against him, and on 18 December 2002 all the property that had been seized on 12 December was returned. The police had checked the credit card database, but incredibly only back to 2002; the incident to which it related took place in 1999.

After much deliberation, during which the family tried to rebuild their standing in the community and to move on from the awful experience, my constituent and his parents decided in February 2003 to make formal complaints to Staffordshire police for wrongful arrest. These were acknowledged in writing on 25 February 2003 by the then deputy chief constable, David Swift, who informed both parties that their complaints had been passed to the force's professional standards unit, where it would be handled by a Mr Hulse. On 6 March 2003, DCC Swift wrote again to my constituent's parents, asking them to contact an Inspector Humphries within 14 days, which they did.

My constituent and his parents met the inspector in March 2003 and were told that, as my constituent had been the person arrested, any complaint should come from him. Therefore, the parents withdrew their complaint. My constituent was also persuaded not to pursue a formal complaint—he was told that this would be interpreted as a personal attack on the police officers—but to go down the route of an informal complaint.

Later that month, my constituent's parents engaged a firm of local solicitors, and during a meeting Mr Hulse informed my constituent that, owing to a change in the police computer system, only records dating back to 2002 had been checked prior to his arrest, so the 1999 report of the theft of his credit card had not shown up. My constituents were advised by their solicitor that it would thus be difficult to proceed further with any complaint, as negligence would need to be proved, and that that would be an expensive undertaking for which legal aid would not be available.

In June 2003, my constituent's parents wrote to the Metropolitan police, the lead force on Operation Ore, but their letter was merely forwarded to Staffordshire police, who informed them in July 2003 that the matter was now being dealt with by a detective inspector from the local CID.

In September 2003, my constituents engaged new solicitors, and a formal complaint for wrongful arrest was made on 1 October 2003, which Staffordshire police once again referred to the PSU in a letter dated 10 October. On 17 October, my constituent received a further letter informing him that Inspector Humphries was again handling their complaint.

There exists a withdrawal of complaint form, dated 24 October 2003, which apparently has been signed by my constituent. My constituent remains adamant to this day, however, that at no time did he agree to withdraw his complaint, sign any such document or have the inclination to withdraw his complaint. Staffordshire police appear to have no record of the original complaint, just the withdrawal of it, and in addition there are factual errors on the withdrawal form. In an effort to try to resolve that particular aspect of the case, I sought to view the original withdrawal form, and was told in no uncertain terms by the solicitors for Staffordshire police, "Who are you to be even considering reviewing such a document?" I am sure that the Minister will agree that so far the whole issue is of great concern.

In February 2004, my constituents' solicitors informed Staffordshire police of their intention to seek damages for wrongful arrest and imprisonment, and that was acknowledged by Staffordshire police on 24 February 2004 and by the force's insurers on 5 March 2004. In June 2004, my constituent was asked to provide some proof of his inability to work, and he was able to provide some evidence.

On 25 October 2004, however, Staffordshire police's legal adviser, a Mr Griffiths, wrote to my constituents rejecting their claim, stating that in his opinion the arrest of my constituent had been lawful for the following reasons. First, my constituent did not inform the arresting officer of the 1999 theft of his credit card until part way through his first interview, not at the time of his arrest. Given the circumstances, it took some time for my constituent to be made aware of what he had been arrested for and all the implications of it. Secondly, the use of a credit card raised a prima facie case of suspicion, and the report of the theft of the card was not in itself proof of theft. Thirdly, officers had reasonable cause to suspect that my constituent was, according to Mr Griffiths's letter,

"merely trying to pass the blame onto others."

Those claims were rebutted by my constituents' solicitors on 1 November 2004, who noted in particular that the use of a credit card online leaves a unique IP address, which would allow investigating agencies to ascertain the exact computer that had been used to access the illegal websites and whether my constituent had access to it. Indeed, that point has never been addressed by Staffordshire police. Mr Griffiths acknowledged that letter on 6 December 2004, and went on to concede that my constituent had made the arresting officers aware of the theft of his credit card at the time of the arrest, but that, apparently, that would make no difference.

Unfortunately, in January 2005, my constituents' solicitors advised that they could see no reasonable chance of progressing the complaint further, and closed their file. In August 2005, my constituent made another formal complaint, this time on the ground of failure to provide prescribed medication. On 29 September 2005, Mr Griffiths wrote to my constituent, advising him that if he wanted to pursue the complaints, he should do so through legal representatives. In October 2005, my constituent complained further, to the Independent Police Complaints Commission, which informed my constituent by letter on 18 October that the IPCC had arranged for my constituent to be contacted by Staffordshire police to discuss the issue. According to my constituent, however, no such contact was ever made.

The years were now rolling on, and in December 2005, my constituent received a letter from the then Deputy Chief Constable Lee of Staffordshire police upholding the initial rejection of my constituent's complaint, at which time my constituent asked the IPCC to undertake an investigation into why no pre-2002 records search

[Robert Flello]

had taken place, as such a search would have shown that the credit card had been reported stolen in January 1999. Unfortunately, the IPCC wrote back to say that, as the original complaint predated the IPCC's formation and fell under the auspices of the Police Complaints Authority, it was unable, under law, to accept the complaint.

In August 2006, my hon. Friend the Member for Gedling (Vernon Coaker), in his then role as Under-Secretary of State at the Home Office, advised me that the Home Office could not become involved in the specifics of the case as it was an operational matter for Staffordshire police, and that he had forwarded my representations to Staffordshire police. He also suggested that any complaints about the IPCC be initially taken up with the IPCC caseworker. My constituent made a further complaint to the IPCC about its refusal to take up the complaint, but that was subsequently rejected. During 2007, again following further representations from me, Staffordshire police refused to reconsider my constituent's early complaints. I was also, somewhat disturbingly, advised by the IPCC that it had no record of my constituent's case file.

Having spent some time setting out the background to the case and the reasons behind the continuing anger and unhappiness of my constituent and his parents at the system of making a complaint against the police, I would like to ask the Minister to give me some reassurance on five specific points. First, will he use his good offices to persuade Staffordshire police to apologise, at long last, to my constituent and his parents, if for no other reason than for withholding the prescribed medication, for which I can see no justification?

Secondly, will the Minister assure me that, in future, all records—not just those from 2002 onwards—will be checked prior to any arrest, so that no other innocent person and their family suffer the trauma and indignity experienced by my constituent and his parents? Thirdly, will the Minister clarify whether he believes it correct that any complaint made before the creation of the IPCC cannot be pursued by it, and will he tell me what, if any, recourse is open to any other complainants in a similar situation?

Fourthly, is the Minister happy that, when a complaint is made either against an officer or, as in this instance, against a police force in general, it is handled in a way that is liable to produce an outcome that leaves the complainant feeling less than reassured? Fifthly, will he send the message today to all police forces that, when a mistake is found to have been made, a swift apology must be forthcoming? This is a dreadful case of sloppy practice leading to an injustice, yet, even now, all my constituent really wants is an apology.

Child pornography is an appalling crime, and those who are guilty rightly face public shame as well as the full force of the law. However, those who have committed no crime and who are wrongly accused also face public anger and horror. The police should therefore behave with the greatest level of professionalism. In this case, that professionalism was sadly lacking. I hope that the Minister will be able to respond to my five points, and that, despite what the force's solicitors have said, Staffordshire police will make a full apology to my constituent and seek to right this wrong.

10.29 pm

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): Let me start by congratulating the hon. Member for Stoke-on-Trent South (Robert Flello) on securing this debate and on bringing this important matter to the attention of the House. I certainly understand his desire to highlight the specific case of his constituent, and he has clearly followed up with great care the various issues that have been raised with him. I hope he will recognise that it is difficult for me to respond specifically on an individual case of this nature. I also hope, however, that he will appreciate that this provides me with an opportunity to comment on Operation Ore and on a number of steps that the Government are taking to tackle the issue of illegal images online and the wider work of child protection generally. I note the five points that he has highlighted, and I will seek to address some of them in the course of my comments.

It might be helpful if I give the House a brief overview of Operation Ore. As the hon. Gentleman has explained, this was, at the time, an investigation into the activities of individuals on a scale that we had not seen before. In September 1999, the United States Postal Inspection Service searched the premises of an American-based online trading company known as Landslide Inc, which was providing access for payment to adult pornography and child abuse images. Material was seized that included a database containing the list of subscribers.

In September 2001, Landslide Inc transaction information was received by the National Crime Squad, a precursor agency of CEOP—the Child Exploitation and Online Protection Centre. The information was originally received within the National Criminal Intelligence Service, but following an initial assessment it was passed to the National Crime Squad. The NCS took responsibility for national co-ordination in dealing with the dissemination of the subscriber data. This included a co-ordinated approach to the categorisation and prioritisation of individual suspects based on their potential access to children. The transaction data consisted of information submitted by a customer in purchasing access to the websites, which included their name, address, credit card number, e-mail address and a customer-selected password. In April 2004, following the first incitement case, further forensic work revealed the capture of the subscriber IP address and the credit card verification logs.

In the majority of Operation Ore cases, police forces have used the data from Landslide Inc to commence investigations into the suspected possession of indecent images of a child. There is a common misconception about these cases being linked under an overall programme of investigation. I want to make it clear that the decision whether to proceed in each individual case was a matter for the police force concerned, and that once the individual packages were released to the forces, it was the responsibility of individual chief constables to decide whether to undertake investigations. Following investigation, forces considered whether offences had been committed and warranted judicial proceedings. Each case was independently scrutinised by the local Crown Prosecution Service, and in those cases where suspects elected for trial, the evidence was obviously further tested by the courts. To the best of our knowledge, no cases were brought on the basis of credit card data alone.

We understand that about 2,700 individuals have been convicted of these offences. This figure includes more than 700 admitting their guilt in receiving a formal caution. In almost 2,300 cases, child abuse images were discovered. In 22% of all dissemination cases following an investigation, the police service took no further action. Importantly, more than 154 children were safeguarded.

As I have already indicated, it would not be appropriate for me to discuss individual cases in this debate, but I want to be clear that it is my understanding that the investigation process followed by the police in these cases was the same as for any other type of crime, and that following a thorough investigation, decisions were made on whether to proceed with a prosecution, or other action, taking all relevant factors into account.

I appreciate the points made by the hon. Gentleman and recognise the sensitivities for people who are arrested or accused of such crimes. An additional factor that the police have to consider in such cases is whether there is a direct and continuing threat to children from those who have been accused of a crime. It is a matter for the investigating officers, in conjunction with local children's services, what action they take having considered that question. The hon. Gentleman has highlighted his desire and his constituent's desire to receive an apology from Staffordshire police. That is a matter for Staffordshire police. The hon. Gentleman has put on the record the chronology of the events, the issues he has and his constituent's concerns. I am sure that those points will be heard by Staffordshire police as a consequence of this debate.

The police and CEOP have standard guidelines for dealing with these investigations, which include recommendations for handling interviews and arrests. Although it is right that we consider the effect of the accusation on the person who is accused, that needs to be balanced with the risk posed to children. A member of the public who is dissatisfied with the behaviour of individual officers or a force may complain to the relevant police force or to the Independent Police Complaints Commission, to which the hon. Gentleman referred. The IPCC has a dual purpose to act as an overall guardian to the police complaints system, ensuring its effectiveness and efficiency, and also to take a role in individual cases. It is entirely independent of the police and the Government. The hon. Gentleman raised a specific point about the IPCC's ability to take on individual cases that predate its creation. I hope that it is satisfactory to him if I respond later with further details on that issue.

The broader issue of illegal images is sadly one that persists. I would like to take this opportunity to set out the approach that we will take to that problem. I believe that we all have a responsibility to help to make the internet a safer place for the public. I support the self-regulatory model developed in the UK by the internet industry and law enforcement to provide a structure for the reporting of such images, the analysis of them, and action to track down those responsible or prevent access to them.

I recognise the support for the Internet Watch Foundation and the action taken by responsible internet service providers to prevent inadvertent access by the public to such images. That is an example of how industry and others can make a significant contribution to tackling this problem. I valued the opportunity this afternoon to attend the launch of the IWF's three-year strategy and the publication of its annual report on its work to take down such images, working closely with law enforcement and other agencies. The Government strongly support this model for tackling illegal images. We believe that it works and we would like to see other countries take action to achieve the same ends.

The work of the IWF and the industry, allied with that of the police and CEOP, has helped virtually to eradicate the content in question from servers hosted in the UK, although there is clearly still work to be done. We will continue to support the work of CEOP, which does so much to help to protect children. It has been a great success, and it has helped to safeguard a significant number of children and apprehend people who would seek to harm them.

I wish to reassure the House of two things. The first is the seriousness with which the Government take the protection of children. In that context, we will continue to support the work of the police and CEOP to protect children from the threats posed to them. Like the hon. Gentleman, I thank them and congratulate them on their work to ensure that children are safer. Secondly, we will ensure that should an operation on the scale of Operation Ore be required again, the UK has in place a robust structure to deal with it. We will ensure that cases are handled in accordance with the law.

I thank the hon. Gentleman for raising this important issue in general, and equally for raising the case of his individual constituent. He has made his points very clearly, and he has certainly followed the case through for his constituent. I am sure that hon. Members who are in the House this evening, and people outside, will have heard the points he has raised tonight and will take notice of them.

Question put and agreed to.

10.40 pm

House adjourned.

House of Commons

Wednesday 16 March 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Big Society Initiatives

1. **Stuart Andrew** (Pudsey) (Con): What recent discussions she has had with (a) ministerial colleagues and (b) the Welsh Assembly Government on big society initiatives in Wales. [45731]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State for Wales and I have discussed a wide range of issues concerning the big society in relation to Wales with the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd), who has responsibility for civil society, and Carl Sargeant, the Minister for Social Justice and Local Government in the Welsh Assembly Government.

Stuart Andrew: I am grateful to the Minister for that reply. Will he comment on the important role that local authorities in Wales can play in encouraging the big society?

Mr Jones: Local authorities can do much to help roll out the big society. Smart and intelligent councils are already doing so by recognising that big society initiatives can complement services that they provide and vice versa. I recently visited Pembrokeshire, where many good neighbour schemes have been set up to provide help and support for individuals who would otherwise be isolated. Pembrokeshire county council has appointed a scheme co-ordinator who offers advice to groups that want to establish such schemes.

Albert Owen (Ynys Môn) (Lab): On Saturday, I saw the big society in all its glory in Anglesey with the opening of the scouts and guides hall. That project brought together the public and private sectors and volunteers, but public funding was key. Will the Minister ensure that funding is given to the Welsh Assembly so that such schemes can carry on? Next Tuesday, he will be able to see the big society in all its glory on Anglesey day here in the House of Commons.

Mr Jones: As I said, I have held discussions with Carl Sargeant, who is the Minister responsible for such matters in the Welsh Assembly Government. We are taking that work forward. I am sure that the hon. Gentleman will be pleased to hear that the big society bank will be available for the whole of the United Kingdom. There is no reason why Welsh groups should not apply to it for funding.

Jonathan Evans (Cardiff North) (Con): My hon. Friend will be aware that many people in Wales want to take advantage of the opportunities that the Government are offering, but that they may need mentoring. Will he appoint somebody in his Department, perhaps by seconding a civil servant, to assist people who have ideas to take forward the big society?

Mr Jones: All ideas are gratefully received. The Government will ensure that there is a network of big society facilitators throughout the country. As many as 5,000 will be appointed in due course.

Hywel Williams (Arfon) (PC): The WCVA has reported that half the 750 charities in Wales state that they will see a drop in their income next year. Is not investment from the big society bank just a matter of jam tomorrow?

Mr Jones: There is no doubt that we are going through difficult economic times, as the hon. Gentleman knows. Unfortunately, third sector organisations are affected by that. I believe that the £200 million that will be available through the big society bank will be of immense benefit to third sector organisations in Wales.

Owen Smith (Pontypridd) (Lab): The Welsh people are a shrewd lot, and they have quickly seen through the big society scam. Since £1.8 billion was cut from the Welsh Assembly budget, leaving councils with a shortfall of many millions of pounds, charities such as People First, which works with people with learning disabilities in the Rhondda Cynon Taff area, have been on the verge of closure. That is throwing more people on to the record unemployment numbers in Wales. As Dawn Price of People First put it to me:

"How can we take part in a Big Society when our funding is being so cruelly cut?"

Mr Jones: I realise that some Opposition Members have huge difficulty with the proposition that people should be allowed to organise their own lives in the way that best suits them, rather than such matters being delivered top-down by big Government. However, there are signs that it is slowly dawning on the Leader of the Opposition at least that the big society may be rather a good idea. When he launched Labour's policy review recently, in which I think the right hon. Member for Neath (Mr Hain) played a part, he said:

"We have got to take that term 'big society' back off David Cameron".

Devolution of Powers (Referendum)

2. **Jonathan Lord** (Woking) (Con): What assessment she has made of the outcome of the referendum on devolving primary law-making powers to the National Assembly for Wales. [45732]

4. **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): What assessment she has made of the outcome of the referendum on devolving primary law-making powers to the National Assembly for Wales. [45734]

The Secretary of State for Wales (Mrs Cheryl Gillan): I welcome the clear yes result announced on 4 March. The vote in favour of primary law-making powers for the Assembly will enable the Welsh Assembly Government to get on with the job of delivering better public services in Wales.

Jonathan Lord: I thank the Secretary of State. I note that there are now 20 devolved areas of policy for the Welsh Assembly and that Scotland has had similar powers for many years. Has she had conversations with other Ministers about the commission that we have been promised, or preferably legislation, so that only English MPs can vote on English laws that affect English residents, and thereby maintain the parity—

Mr Speaker: Order. We are grateful to the hon. Gentleman, but we must move on.

Mrs Gillan: I think my hon. Friend is referring to what is known as the West Lothian question, or as we sometimes call it in Wales, the West Clwydian question. I have had words with the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), and as he informed the House on 15 December, the Government will make an announcement this year on plans to establish a commission to consider the West Lothian question.

Simon Hart: Can the Secretary of State provide a timetable for the introduction of a Calman-style inquiry, as per the coalition agreement, and will she undertake a full consultation on the matter?

Mrs Gillan: I am grateful to my hon. Friend. When we established the coalition Government, we committed in the coalition agreement to establishing a Calman-like process for the Assembly. I will announce further details on that in the coming months.

Paul Murphy (Torfaen) (Lab): The Secretary of State has just said that there will be a commission on the so-called West Lothian question. Does she personally believe that Welsh Members of Parliament should have fewer voting rights in this place, particularly bearing in mind that her Government have cut the number of Welsh MPs by 25%?

Mrs Gillan: As the right hon. Gentleman knows, it is important that every vote is of an equal weight in this country. I am sure he would not want me to revisit arguments that have been well made and exhausted in the House.

When the commission is established, it will need to take into account the Government's proposals for House of Lords reform, the changes to the way in which this House does business and the changes to the devolution settlement in considering potential solutions to the West Lothian question.

Mr Peter Hain (Neath) (Lab): Will the Secretary of State join me in welcoming the resounding yes vote in the referendum on 3 March? As she knows, I legislated on behalf of a Labour Government for primary powers for the Assembly in 2006, and we are delighted at this historic day for Wales. I hope she is too.

Mrs Gillan: The shadow Secretary of State must have been asleep when I answered the question in the first place and said that I welcomed the yes vote. I said that specifically during the passage of the Government of Wales Act 2006, when I sat in his position. I am also delighted that, despite prevarication, it was a Conservative-led coalition Government who delivered that referendum for the people of Wales.

David T. C. Davies (Monmouth) (Con): Does the Secretary of State accept that given the nature of the yes campaign, it is clear that the vast majority of people in Wales wish to remain part of the Union? As a proud Welshman and a proud Unionist, I believe as strongly as other Members that something must be done about the West Lothian question, to stop Welsh MPs voting on matters for which they have no responsibility.

Mrs Gillan: I, too, am a devoted Unionist, but I recognise that the yes vote does not mean that the Welsh devolution settlement will stand still. It is a living object, which is why we are establishing a Calman-like process to examine the future of the Welsh Assembly and how we are governed across the UK, specifically in Wales.

Broadband Projects

3. **Andrew Stephenson** (Pendle) (Con): What recent discussions she has had with ministerial colleagues on expenditure on broadband projects in Wales. [45733]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State and I have regular meetings with ministerial colleagues on issues that affect Wales, including broadband projects. I am sure my hon. Friend will welcome, as I do, the announcement by my right hon. Friend the Chancellor of the Exchequer on 10 February that we are providing £10 million of funding to support the extension of superfast broadband to Pwllheli and the surrounding areas.

Andrew Stephenson: I thank my right hon. Friend. Does she agree that due to the remote and rural nature of many parts of Wales—like many parts of my constituency—it is vital for businesses in rural communities to have effective broadband?

Mr Jones: Yes, I agree that broadband is extremely important for rural communities. Indeed, it is arguably more important in the countryside than in our towns and cities. It enables people to run businesses from rural locations with no competitive disadvantage, and farmers in particular urgently need broadband to file their returns.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): Although I appreciate and welcome the announcement of the broadband pilot, bizarrely made at Wrexham and not in the House, I represent the Pwllheli area among other parts of west Wales and I have no doubt that it was to due to pressure from the Deputy First Minister. Can the Minister tell me precisely which areas of my constituency will be included in the pilot and which will not?

Mr Jones: The right hon. Gentleman gives the pilot a rather strange welcome—a rather curmudgeonly one, I would suggest. As he knows, the rural area around

Pwllheli is intended to be included in the pilot, from which we hope to gain important knowledge on the further roll-out of broadband across Wales.

Mr Llwyd: The economic renewal plan in Wales set out to provide high-speed links to all businesses by 2015 and all houses by 2020, and as the Minister knows, under the "Wi-fi Wales" initiative, there are plans to enable free wireless connection to all publicly owned buildings in Wales. What support will the Minister and the Secretary of State give to those plans? There is currently huge criticism of the Wales Office, but if they get stuck in on that, they might silence some of their critics.

Mr Jones: It is fairly clear that the right hon. Gentleman does not keep in touch with his colleagues in the Assembly, because very recently, my right hon. Friend the Secretary of State and I hosted a trilateral meeting between the Deputy First Minister and the Minister with responsibility for broadband via video link from the Wales Office in Gwydyr house. We are fully engaged in this process, and it is quite wrong for the right hon. Gentleman to suggest that we are not.

Roger Williams (Brecon and Radnorshire) (LD): The Welsh Assembly Government have offered a grant to people in not-spots throughout Wales. Can communities get together to use such facilities to provide a community solution, rather than individuals finding their own solutions?

Mr Jones: Yes, indeed. The proposal is that hubs should be provided in communities, but the technology that may be used thereafter will not be specified, so wi-fi or other appropriate solutions can be used depending on the nature of the area.

Inward Investment

5. **Karen Lumley** (Redditch) (Con): What recent discussions she has had with ministerial colleagues on measures to attract inward investment to Wales. [45735]

7. **John Howell** (Henley) (Con): What recent discussions she has had with ministerial colleagues on measures to attract inward investment to Wales. [45737]

The Secretary of State for Wales (Mrs Cheryl Gillan): Clearly, with so many of our companies in Wales having strong links with Japan, and given that some of our inward investment comes from there, I am sure the whole House would like to join me on behalf of Wales in sending our deepest condolences for the appalling tragedy.

I have regular discussions with ministerial colleagues on measures to attract inward investment to Wales. Last month I hosted a trilateral meeting between the First Minister, the Deputy First Minister and the UK Minister responsible for trade and investment to discuss how we can work together to bring much-needed investment to Wales. We will be meeting again shortly.

Karen Lumley: Does the Secretary of State agree that Wales has much to offer business, as the Welsh Affairs Committee heard yesterday from Sir Terry Matthews? Can she also tell us what she is doing to work with the Welsh Assembly to bring inward investment to Wales?

Mrs Gillan: Although it is too early to prejudge the outcome of the Committee's inquiry on inward investment, a clear message on skills emerged in oral evidence last week. That message was consistent with the conclusions of the earlier cities report. Certainly, I will see how the UK Government can work with the Welsh Assembly Government to encourage more inward investment, because Wales is a great place to do business.

John Howell: In the last couple of weeks, a number of strong foreign trade and investment visits have been made to Wales, particularly from India and the US. Does the Secretary of State agree that those are vital for Wales, and that we should maximise the opportunities that they present?

Mrs Gillan: It is very easy to agree with my hon. Friend on that, because we need to maximise the opportunities that such visits present. Wales's share of UK inward investment projects halved in the past decade from 6% to 3% and we need to act quickly to reverse that. It is therefore important to work across Government Departments in Whitehall, together with the Welsh Assembly Government, so that we have a cohesive programme for attracting inward investment.

Kevin Brennan (Cardiff West) (Lab): With unemployment reaching a 17-year high this morning—up to 8.7% in Wales—where is the Secretary of State's plan for growth?

Mrs Gillan: I am tired of Members talking Wales down. The message that has just gone out from the hon. Gentleman is not a positive one. The unemployment figures were announced this morning. Although I have given them a cautious welcome because the economic inactivity rate continues to fall, I want people to know that we have a willing and able work force and that Wales is open for business. It is about time the hon. Gentleman joined me in talking Wales up.

Geraint Davies (Swansea West) (Lab/Co-op): It emerged in the Welsh Affairs Committee's visit to Germany that vital inward investment opportunities were not being taken up by UK Trade & Investment because of the abolition of regional development agencies in England. Does the Secretary of State accept that this may represent a major opportunity for Wales and if so, what is she doing about it?

Mrs Gillan: I had a particularly good meeting with the First Minister, the Deputy First Minister and the Minister responsible for trade. I am keen that we should have some joined-up government, because we have not been taking advantage of all the opportunities that exist. After the Assembly elections we shall have to take that forward with the new Welsh Assembly Government, and I know the current Welsh Assembly Government have been looking at rationalising their offices abroad and having a more comprehensive programme—one that is engaged with UKTI, the Department for Business, Innovation and Skills, the Foreign Office, and the Wales Office. Together, we will have a stronger presence.

Block Grant Settlement

6. **David Mowat** (Warrington South) (Con): What recent representations she has received on the mechanism for calculating the block grant settlement for the Welsh Assembly. [45736]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend and I receive regular representations in relation to the block grant settlement for the Welsh Assembly.

David Mowat: I thank the Minister for that reply. In 2009, the Holtham commission concluded that the Barnett formula was no longer fit for purpose and was in need of urgent reform. Does the Minister agree that the Barnett formula should be replaced with a mechanism based on need?

Mr Jones: It is fair to say that everyone recognises that the Barnett formula is nearing the end of its life. However, it is necessary to stabilise the public finances before we consider the formula. In the wake of the vote in the Welsh referendum, the coalition will establish a Calman-like process for the funding of the Welsh Assembly.

Ian Lucas (Wrexham) (Lab): Earlier the Secretary of State said that the devolution settlement was a moving object. Will the commission to which the hon. Gentleman has just referred consider whether the Welsh Assembly should be given tax-varying powers?

Mr Jones: It is important that the Welsh Assembly should be accountable for its activities, and I can tell the hon. Gentleman that nothing is ruled out.

Several hon. Members *rose—*

Mr Speaker: Order. There are far too many private conversations taking place in the Chamber and they are very noisy. It is most discourteous. Let us have a bit of order.

Fuel Prices

8. **Mr Mark Williams** (Ceredigion) (LD): What assessment she has made of the effect on the Welsh economy of recent trends in the cost of fuel. [45738]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): Over the last few months I have made an assessment of the impact of the recession on rural areas, including the effects of rising fuel prices on businesses and families in Wales. We recognise that businesses, individuals and families are struggling with the rising cost of fuel, and we are looking at how we can help.

Mr Williams: Following on from the Minister's assessment, what representations has he made on extending the Government's fuel duty rebate for the islands of Scotland and Cornwall to large tracts of rural Wales, where sparsity, economic dependence and inadequate public transport make this a pressing issue?

Mr Jones: I agree that it is a pressing issue in large parts of rural Wales, such as my hon. Friend's constituency. I can tell the House that I have written to the Chief Secretary to the Treasury to press for the extension of the pilot to rural areas in Wales.

Mr David Hanson (Delyn) (Lab): In April last year the price of a litre of petrol in Flintshire was 116p. Can the Minister tell me what it is today and how much of the increase is due to the VAT that he imposed?

Mr Jones: I can tell the right hon. Gentleman that the last time I filled up in Colwyn bay the price was approximately 133p. He will be aware that my right hon. Friend the Chancellor has indicated that these are matters that will be considered in the Budget next week.

Mr Peter Hain (Neath) (Lab): But is the Minister aware that the dramatic rise in petrol and diesel prices is crippling motorists in Wales, especially those on low or middle incomes? In many Welsh communities people have absolutely no choice but to drive, and with wages frozen or falling, inflation high and today unemployment in Wales surging up, they are getting desperate. Will the Government reverse the VAT rise on fuel? It is what business wants, what motorists are crying out for, and what Wales and the whole of Britain needs.

Mr Jones: Given that I come from a rural constituency, I am acutely aware of the points that the right hon. Gentleman makes. I would remind him that the escalator that is due to kick in next month is Labour's escalator, and this is a matter that my right hon. Friend the Chancellor will be looking at.

Upland Farming

9. **Neil Carmichael** (Stroud) (Con): What recent discussions she has had with the Welsh Assembly Government on upland farming in Wales. [45739]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): I have regular discussions with the Welsh Assembly Government on a range of issues affecting Wales, including the farming industry. My right hon. Friend the Secretary of State and I recognise how important the rural economy is to Wales and take a close interest in matters affecting it, including farming on the Welsh uplands.

Neil Carmichael: Does the Minister agree that the Welsh Assembly should work well with the Government to ensure that we have a clear strategy for upland and dairy farming, and that that objective would be more easily met through the introduction of an adjudicator to examine abuses of power in the retail sector?

Mr Jones: Yes, indeed; I agree that the Welsh Assembly Government should work closely with the Government here in Westminster. My hon. Friend will be aware that it is the Government's intention to establish a groceries code adjudicator to oversee disputes between retailers and suppliers.

Nick Smith (Blaenau Gwent) (Lab): Getting animals to market is important for upland farmers in Blaenau Gwent. Does the Minister agree that east-west road improvements are vital for boosting the heads of the valleys economy? Will he update us on the road improvements between Brynmawr and Abergavenny, and tell us when they will start?

Mr Jones: It would appear to me that those are matters for the Welsh Assembly Government, but if the hon. Gentleman would care to write to me, I will consider the matter further.

Energy Policy

10. **Graham Evans** (Weaver Vale) (Con): What recent discussions she has had with ministerial colleagues and Ministers in the Welsh Assembly Government on energy policy in Wales. [45740]

The Secretary of State for Wales (Mrs Cheryl Gillan): The Under-Secretary of State for Wales and I have regular discussions with ministerial colleagues and Welsh Assembly Government Ministers on a range of issues, including energy policy. Last week, I was pleased to call the first Welsh Grand Committee debate on energy since 2008, which gave right hon. and hon. Members a chance to debate in detail that issue, which is of vital importance to Wales.

Graham Evans: As a result of the last Government's policy of burying their head in the sand when it came to energy, we are facing the real prospect of power cuts. Does the Secretary of State agree that building new power plants in Wales is essential for energy security, industry and job creation?

Mrs Gillan: Energy is certainly a key priority of this Government and we are working hard to ensure that the UK, including Wales, has an energy infrastructure that is fit for the 21st century.

Paul Flynn (Newport West) (Lab): Does the Secretary of State agree that the exciting plans of the Welsh Assembly Government to generate enough electricity for every home in Wales from non-barrage marine sources offers Wales an energy future, like that of Ireland and Scotland, that will be nuclear free and renewables rich?

Mrs Gillan: I am not sure that I caught the drift of the hon. Gentleman's question, but I have always welcomed the work that is being done to enable Wylfa A to continue to generate low-carbon electricity for a further two years until 2012. I was also delighted that Wylfa was chosen as the site for a potential new station in the future.

Jenny Willott (Cardiff Central) (LD): This Government have put the environment at the heart of their energy policy. Last week, I attended the launch of Norman Electrical Ltd, a small business in my constituency that is working with households and businesses to invest in renewable technologies. Will the Secretary of State join me in welcoming such start-ups and do what she can, with colleagues, to help Wales to become central to the renewable technology sector in the UK?

Mrs Gillan: Yes, I join my hon. Friend in congratulating the company in her constituency. If all 26 million households in the United Kingdom take up our green deal over the next 20 years, employment in that sector could rise from its present level of 27,000 to something approaching 250,000, working all around the UK to make our housing stock fit for a low-carbon world.

Public Sector Job Losses

11. **Jessica Morden** (Newport East) (Lab): What recent estimate she has made of the number of jobs to be lost in the public sector in Wales as a result of the reductions in public expenditure in 2011-12. [45741]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): A forecast of public sector job losses was published last year by the Office for Budgetary Responsibility. This was based on UK-wide macro-economic data, and no regional breakdown is available. My right hon. Friend the Secretary of State and I remain committed to working with ministerial colleagues to minimise the impact of the reductions in public expenditure that we are having to make on Welsh workers and their families.

Jessica Morden: The Government's impact assessment relating to the closure of Newport passport office includes the statement that

"we will also pay £3m redundancy...which may create a short term boost in trade for the local economy."

Is this the Government's new alternative growth strategy?

Mr Jones: The line to which the hon. Lady refers is in every economic impact assessment that has been prepared in connection with the current process. That consultation will not be finished until Friday, and all options remain open.

Rail Network (South Wales)

12. **Mr Philip Hollobone** (Kettering) (Con): What recent discussions she has had with the Secretary of State for Transport on electrification of the rail network in south Wales. [45742]

The Secretary of State for Wales (Mrs Cheryl Gillan): The statement made on St David's Day by my right hon. Friend the Secretary of State for Transport was excellent news for all parts of south and west Wales. This £1 billion investment will deliver all the benefits and improvements of an electrified railway to Wales, with faster acceleration, greater comfort and cleaner and greener travel. The decision to extend electrification to south Wales recognises that improved rail infrastructure and lower journey times are vital components for delivering a successful economic recovery in Wales.

Mr Hollobone: What estimate has the Secretary of State made of the number of new jobs that will be created in Wales as a result of the electrification programme?

Mrs Gillan: I hope that the electrification of the rail line, which was launched and announced with full funding by this Government, will bring the much-needed inward investment into Wales, resulting in the many jobs that we need.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [46687] **Gregg McClymont** (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): If he will list his official engagements for Wednesday 16 March.

The Prime Minister (Mr David Cameron): I am sure the whole House will wish to join me in paying tribute to Lance Corporal Stephen McKee, 1st Battalion the Royal Irish Regiment, who died last Wednesday. He was a highly respected, selfless and committed soldier who will be sorely missed by all those who served with him. Our deepest sympathy is with his family and friends.

From September, military repatriations will no longer pass through the town of Wootton Bassett. I know the whole House will wish to join me in paying tribute to the people of Wootton Bassett. Their deeply moving and dignified demonstrations of respect and mourning have shown the deep bond between the public and our armed forces. It is more than 100 years since the title "royal" was conferred on a town. I can today confirm that Her Majesty the Queen has agreed to confer the title "royal" on the town of Wootton Bassett as an enduring symbol of the nation's admiration and gratitude to the people of that town. The town will become Royal Wootton Bassett later this year, in a move that I believe will be welcomed right across our country.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

Gregg McClymont: May I associate Labour Members, and those of all parties, with the Prime Minister's condolences to the family and all who knew that brave serviceman?

The previous Government put in place the overseas victims terrorism compensation scheme. When will British victims of overseas terrorism receive compensation?

The Prime Minister: The hon. Gentleman makes an important point. This is something that we are looking at, reviewing and want to get right. I remember the debates that took place at the time of the Bali bomb and recall that hon. Members on all sides of the House spoke about it. We will bring forward our proposals shortly.

Sir Malcolm Rifkind (Kensington) (Con): The Prime Minister is to be commended for his leadership in trying to achieve a no-fly zone but, sadly, it is unlikely that it can be implemented in time to prevent a final onslaught in Libya. Does the Prime Minister agree that the best response to this urgent crisis would be for the international community, with the support of the Arab League, to urge the Egyptian Government to send a brigade of its army as a peacekeeping force into eastern Libya—to protect their own citizens, to stop Gaddafi in his tracks and to prevent a humanitarian disaster in Benghazi?

The Prime Minister: I have great respect for my right hon. and learned Friend, who speaks with great expertise on these issues. The points he made on Monday about the arms embargo were extremely important. We will, of course, look at any suggestion, but the problem at the moment is that there is no peace to keep. What I can report is that yesterday evening, after extensive discussion with Lebanon, France, the US and others, the UK tabled a new draft Security Council resolution in the UN. It includes a no-fly zone, banning all flights except humanitarian ones, an extension of the travel ban and the asset freeze and tougher enforcement of the arms embargo, particularly on the Libyan Government. Of course there are a wide range of views in the UN; I urge all to take the right steps so that we show some leadership on this issue and make sure that we can get rid of this regime.

Edward Miliband (Doncaster North) (Lab): Let me begin by echoing the Prime Minister's tribute to Lance Corporal Stephen McKee of 1st Battalion The Royal Irish Regiment. He showed exceptional courage and bravery, and our thoughts are with his family and friends. Let me also echo the Prime Minister's remarks about the community of Wootton Bassett, and the very fitting award of the "royal" designation. It is a tribute, and a sign of the way in which that community has responded to our armed forces.

Following the Liberal Democrat conference at the weekend, is the Prime Minister planning any new amendments to his Health and Social Care Bill?

The Prime Minister: First of all, let us be clear about the fact that the reforms are about cutting bureaucracy and improving patient care. They were drawn up by us as a coalition to improve the NHS. Let me answer the right hon. Gentleman's question very directly. We have already made some real strengthenings to the Bill. First, we have ruled out price competition in the NHS. Secondly, there is the issue raised by the Liberal Democrats, with which I completely agree: we must avoid cherry-picking by the private sector in the NHS. The right hon. Gentleman might care to reflect that under the Labour Government, the private sector was given £250 million for operations that were never carried out. Perhaps he would like to apologise for that cherry-picking, and support our anti-cherry-picking amendment.

Edward Miliband: Let us give the Prime Minister another go at answering the question that I asked. The question that I asked was this. Following the Liberal Democrat conference at the weekend, are any further amendments to be tabled to the Health and Social Care Bill—yes or no?

The Prime Minister: The problem with pre-scripted questions is that they do not give you the opportunity to respond to the first answer. I gave a very clear answer about price competition and about cherry-picking.

What I would say to the right hon. Gentleman is that he should not set his face against reform in the NHS. The fact is that we support extra money going into the NHS—money that the right hon. Gentleman does not support—but we recognise that with an ageing population, more expensive treatment and new drugs coming on stream, we need to reform the NHS, and that reform must accompany the extra money that is being provided. Why is the right hon. Gentleman setting his face against that?

Edward Miliband: The Prime Minister really must get away from these pre-scripted answers. *[Laughter.]* I will tell him why no one trusts what he says about the NHS. What used he to say about NHS reorganisations?

> "There will be no more of those pointless re-organisations that aim for change but instead bring chaos...it's profoundly disruptive and demoralising."

I agree with what the Prime Minister used to say. Why doesn't he?

The Prime Minister: We are not reorganising the bureaucracy of the NHS. *[Interruption.]* We are abolishing the bureaucracy of the NHS. Perhaps the right hon. Gentleman would like to listen to what the adviser to the Labour Government said about our NHS reforms. He said:

> "most of these reforms are very much where"

the last Government

"and indeed I, would like to have gone if we had not encountered some of the road blocks that one did."

We know that the roadblock was the last leader of the Labour party. What a pity it is that the current leader of the Labour party is "son of roadblock".

Edward Miliband: I am proud of our record on the NHS. We have 100 new hospitals, more doctors and nurses than ever before, the shortest waiting times in history, and the highest level of patient satisfaction ever. But the Prime Minister is wrecking our record on the NHS, and what is his answer? The Bill creates a free-market free-for-all and threatens existing NHS services. Let me ask the Prime Minister a very specific question. Will he confirm that this Bill makes health care subject to European Union competition law, for the first time in history?

The Prime Minister: I have to say that the right hon. Gentleman is beginning to sound like the last leader of the Labour party. If he will not listen to the adviser to the Labour Government, perhaps he will listen to his own health spokesman, who said this:

"'No-one in the House of Commons knows more about"—*[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Prime Minister, but the answers from the Prime Minister must be heard, and that is all there is to it.

The Prime Minister: Thank you, Mr Speaker. If I can take the trouble to read out the Opposition health spokesman's speeches, the Opposition should at least have the decency to listen to them.

The Opposition health spokesman said this:

"No-one in the House of Commons knows more about the NHS than Andrew Lansley—except perhaps Stephen Dorrell. But Andrew Lansley spent six years in Opposition as shadow health secretary. No-one has visited more of the NHS. No-one has talked to more people...in the NHS."

He went on to say:

"these plans are consistent, coherent and comprehensive. I would expect nothing less from Andrew Lansley."

Edward Miliband: Talk about pre-scripted answers again! Why does the Prime Minister not answer the question? Does he even know whether the health service will now be subject to EU competition law? It will be. Let us look at the Health and Social Care Bill: chapter 2, "Competition"; clause 60, "Functions under the Competition Act 1998"; clause 66, "Reviews by the Competition Commission"; clause 68, "Co-operation with the Office of Fair Trading". Can the Prime Minister explain to the British people what that has got to do with health care?

The Prime Minister: The Opposition are the party that rigged the system so there was cherry-picking by the NHS. The point I would make is this: at the last election Opposition Members all stood on a manifesto that said—*[Interruption.]* I am answering the question. This is what the Opposition said in their manifesto:

"Patients requiring elective care will have the right, in law, to choose from any provider who meets NHS standards of quality".

They were in favour of competition in their manifesto. All that has changed is that they are just jumping on every bandwagon, supporting every union, blocking every reform and opposing the extra money being put into the NHS.

Edward Miliband: He just does not get it: he is threatening the fabric of the NHS. This Bill shows everything that people do not like about this Government: broken promises, arrogance, incompetence, and ignoring people who know something about the health service. Does this not show once again that, as the British Medical Association said yesterday and as the Liberal Democrats said on Saturday, you can't trust the Tories on the NHS?

The Prime Minister: The right hon. Gentleman should remember that the BMA opposed foundation hospitals, GP fundholding and longer opening hours for GPs' surgeries. Is it not typical that, just as he has to back every other trade union, and just as he has no ideas of his own, he just comes here and reads a BMA press release? How utterly feeble.

Mr Speaker: I call Gavin Williamson. *[Interruption.]* Order. Be quiet, Mr Simpson; such behaviour is bad for your health.

Q2. [46688] **Gavin Williamson** (South Staffordshire) (Con): Thank you, Mr Speaker. Has the Prime Minister seen the recent comments of the Labour Chairman of the Public Accounts Committee? She said that over the last 10 years productivity in NHS hospitals had been in continuous decline, and that the taxpayer was getting less for each pound spent. Will the Prime Minister assure the House that that trend will be reversed?

The Prime Minister: My hon. Friend makes an excellent point. I would have thought Opposition Members would listen to the Labour-dominated Public Accounts Committee and its Labour leader, who said this:

"Over the last ten years, the productivity of NHS hospitals has been in almost continuous decline"

and

"the health service has improved as a result of this increase in spending. But the taxpayer has been getting less for each pound spent."

That is what we have to look at, and the fact that we are not getting even the European average on cancer outcomes, and that people here are twice as likely to die from a heart attack as people in France. We have an ageing population and more expensive treatments, and the Opposition's answer is to do absolutely nothing. How utterly, utterly feeble.

Angus Robertson (Moray) (SNP): Today's statistics show that unemployment has gone down in Scotland but has gone up in the rest of the UK. Will the Prime Minister ensure that the trend of lower unemployment in Scotland is not endangered by ridiculously high fuel prices and fuel duty, in what is still the largest oil-producing nation in the European Union?

The Prime Minister: I thank the hon. Gentleman for what he says. Clearly, today's figures are a very mixed picture. The youth unemployment figures are disappointing,

once again, but overall what is interesting is that employment is up and the number of claimants nationwide is actually down: the number of claimants has fallen by 32,000 since last year.

On fuel duty, the hon. Gentleman knows that we have a Budget coming up. I do not want to speculate as to what will be in it, but I know the pain that families and small businesses are feeling from the huge number of fuel duty increases put through by the previous Government. In their last Budget they put through seven fuel duty increases—one for before the election and six for afterwards. What a surprise that Labour did not even have the brass neck to raise that one today.

Q3. [46689] **Nigel Adams** (Selby and Ainsty) (Con): Hundreds of residents across the Selby district are up in arms at the prospect of having a Traveller site imposed on their villages. Can the Prime Minister tell me what can be done—and when—to remove the top-down Traveller site targets currently imposed on local authorities?

The Prime Minister: I can tell my hon. Friend that we are abolishing the top-down Traveller pitch targets that were imposed on local authorities, and instead local councils will determine the right level of site provision in consultation with their local communities. It is also important that we recognise that one law should apply to everyone in terms of planning policy in this country, Travellers included.

Q4. [46690] **Mr Gordon Marsden** (Blackpool South) (Lab): Blackpool has an above average number of residential homes for disabled people, including for hundreds of my constituents. May I therefore ask the Prime Minister why he still plans to scrap the disability living allowance mobility component in his Welfare Reform Bill, thus potentially marooning people in those homes? In his reply, will he not compare these people to patients in hospitals? They are in their homes, and they are not ill.

The Prime Minister: I would urge the hon. Gentleman to look very carefully at the Bill and at our plans, because what he will see is that we are putting the question of mobility into the reform of DLA, as we change that benefit and improve it. What we will do is avoid the double counting that has happened in the past, and sort out this issue, as I have said.

Stephen Phillips (Sleaford and North Hykeham) (Con): Earlier in the week, my right hon. Friend the Prime Minister received representations on the Government's deficit reduction plans from, on the one hand, the credit rating agencies, and on the other hand, the Leader of the Opposition and others from the previous Administration who got us into this mess. Whose advice is the Prime Minister going to follow?

The Prime Minister: We should listen to the advice of Fitch, the credit rating agency, which this week reconfirmed our triple A credit rating status. I also think we should listen to the OECD, which is here today giving a presentation on the British economy and which strongly supports our deficit reduction plans. The point I would make is this: those people who think that there is some difference between deficit reduction and getting growth at the same time should look at the current interest rates in Ireland, in Greece and in Portugal. In Portugal, market interest rates are 7.5%. What is the genius plan of the Opposition? It is to halve the deficit in four years, which would get us in four years to where Portugal is today. What a brilliant plan!

Q5. [46691] **Mr Jim Cunningham** (Coventry South) (Lab): Is the Prime Minister aware that Southern Cross, which runs 750 old people's homes up and down the country, nine of which are in Coventry and Warwickshire, is in great difficulties? Some 31,000 old people could be affected by this, so will he talk to the Qatari parent company to see whether a solution can be found? This is a very serious situation.

The Prime Minister: I thank the hon. Gentleman for raising this point, and I will ask the Health Secretary or one of his Ministers to contact him urgently to discuss this. It is vital that we have good residential care provision in our country and that there is competition and choice in that residential care provision; many private providers provide an excellent service. I shall make sure that one of my Ministers gets in touch with the hon. Gentleman straight away.

Jo Swinson (East Dunbartonshire) (LD): I welcome the UK's strong leadership at the UN on Libya. Can the Prime Minister tell me what message he thinks it will send to every tyrannical dictator if, against the urgent desire of the Libyan people, against the wishes of the Arab League and against the UN principle of the responsibility to protect, the international community fails to stop Gaddafi crushing the spirit, the hopes and the lives of the Libyan people?

The Prime Minister: The hon. Lady makes a very important point. Every world leader has said that Gaddafi should go and that his regime is illegitimate. If at the end of this he is left in place, that will send a terrible message—not only to people in Libya, but, as she says, to others across the region who want to see greater democracy and greater openness in their societies. That is why it is right for Britain to play this leading role at the UN and elsewhere. I am not arguing that a no-fly zone is a simple solution to this problem—of course it is not—but I do think that it is one of the steps we need to take to isolate and pressurise that regime, and to say that we stand with people in Libya, who want to have greater democracy and greater freedom, such as we take for granted in this country.

Q6. [46692] **Steve McCabe** (Birmingham, Selly Oak) (Lab): Does the Prime Minister have any sense of the current mood of bewilderment and betrayal felt by rank and file police officers?

The Prime Minister: I strongly support the British police. They are the finest force in the world. What the police and other public servants know is that we were left a deep Budget deficit that we have to deal with. If we want to keep police officers on the streets, it is necessary to have the pay freeze that we are talking about. It is necessary to look, as Tom Winsor has done, at the allowances that they receive and to work out how we can make sure that we have well-paid, well-motivated police officers doing a great job in our country. Again, if

the Labour party is just going to stand against every reform, every change and every improvement and say there is nothing we can do about any one of these problems, not only will it be irrelevant, but the British public will work out that it is irrelevant.

Matthew Hancock (West Suffolk) (Con): Last night there was a violent double murder in Beck Row in Suffolk, which was the most serious in a series of incidents in the area. Will the Prime Minister assure me, and the residents of west Suffolk, that these crimes will be fully investigated, that their perpetrators will face justice and that everywhere in this country must be subject to the rule of law?

The Prime Minister: I can certainly give my hon. Friend that assurance. This is a very disturbing case, and I am sure that hon. Members will all have heard about it this morning on the news. I think the police will want to do everything they can to get to the bottom of this dreadful crime and to bring the perpetrators to justice.

Q7. [46693] **Lindsay Roy** (Glenrothes) (Lab): People in all parts of the House appreciate that there is a mammoth crisis in Japan. Our hearts go out to the people there and we all want to do everything we can to help, including the UK. I appreciated the Prime Minister's comments on Monday, but will he investigate reports that a British rescue team has recently been turned away from Japan?

The Prime Minister: I am grateful for the hon. Gentleman's question, and I have asked for a briefing about this, so I can tell the House what happened. The official rescue team that was sent from the UK, in good time, arrived in good time and has already started work. There was also an extra, independent rescue team that did not have the correct documentation and encountered some problems, but we are doing everything we can to make sure it can get access.

Q8. [46694] **Stuart Andrew** (Pudsey) (Con): This week tickets for the London Olympics went on sale. Does my right hon. Friend agree that if the people buying tickets saw an athlete cross the finishing line in first place only to end up on the bronze medal podium, they would demand a refund? Does he agree that that example highlights the absurdity of the alternative vote, and the reason why we need a no vote?

The Prime Minister: That was an ingenious way of weaving the alternative vote into a question in this House. Clearly there is support for the no campaign on both sides of the House, and I am sure that there are also those who support the yes campaign, so we should have this argument out in the country and make arguments like that. My hon. Friend mentioned the Olympics, and I hope that as many people as possible will be able to get to see the Olympics, which will be a fantastic festival of sport in our country.

Q9. [46695] **Nick Smith** (Blaenau Gwent) (Lab): The Prime Minister stood on Ark Royal last year and said that he wanted a new military covenant written into the law of the land. The Royal British Legion has said that the proposals made by Defence Ministers in the Armed Forces Bill do not honour that pledge. Will the Prime Minister follow the legion's advice, define the covenant in law and keep the promise he made to our brave armed forces?

The Prime Minister: I am having discussions with the Royal British Legion about this. It seems to me that the right thing to do is to reference the covenant clearly in law, but to have a debate in the House every year about the covenant and make sure we can update and improve it, because it is not a static document. It needs to take into account changing health and education needs, and to make sure that it is the very best it can be for our armed service personnel.

Q15. [46701] **Mr Bernard Jenkin** (Harwich and North Essex) (Con): Does my right hon. Friend support the following statement:

"The reason I've never supported AV is that it would have given"—

Labour—

"an even bigger majority in 1997, and it would have given the Tories an even bigger majority in 1983, and...1987 as well...If...we want reform...to rebuild public trust and confidence in politics...AV doesn't deliver that."

Is he as surprised as I was to learn that those are the words of the right hon. Member for Exeter (Mr Bradshaw), who is the director of Labour's Yes to AV campaign?

The Prime Minister: What can I add to that brilliant piece of judgment?

Q10. [46696] **Mr Gareth Thomas** (Harrow West) (Lab/Co-op): I draw the attention of the House to the interest that I have previously declared. There are very few people outside the House—or, I suspect, inside it—who think that Northern Rock would have got into as much trouble if it had still been a mutual building society. Given the considerable scepticism about whether the coalition really wants to change the culture in the banking industry, will the Prime Minister now insist that his City Minister requests a serious and detailed assessment of the case for remutualisation of Northern Rock?

The Prime Minister: We are prepared to consider all options, and the City Minister will do that. I would make two points. First, we think that mutualisation should go much further than just the banking industry, and are considering options for mutualisation within the public sector to give members of staff in public sector organisations far more control over the organisations that they are in. On banking, it is about looking at not just mutualisation but the whole issue of responsibility and trying to link in again the idea of taking deposits and making loans, as building societies used to.

Q11. [46697] **Robert Halfon** (Harlow) (Con): Given the Lockerbie bomb and Gaddafi's continuing murder of his own people, does the Prime Minister think it was wrong for British universities to sign deals with Libya, and wrong for the previous Government to help facilitate some of those contracts? Will he take steps to learn the lessons and ensure that that never happens again?

The Prime Minister: I think that there are lessons to be learned. As I have said, I think that it was right to respond to what Libya did in terms of weapons of mass destruction, but I do not think that the way in which that response was handled was right. Too much credulity was shown, particularly over issues such as that of Abdelbaset al-Megrahi, the man who was convicted of the biggest mass murder in British history. Universities will also want to ask themselves, as they are doing, some pretty searching questions about what they did.

Q12. [46698] **Kelvin Hopkins** (Luton North) (Lab): The Nobel prize-winning economist Paul Krugman has said that the Government's economic policy is going in precisely the wrong direction. Does the Prime Minister really wish to be remembered as a reincarnation of President Herbert Hoover, whose policies led directly to the great depression of the 1930s, and to leave the future open to our leader to be a new Roosevelt and lead us away from that?

The Prime Minister: As a job application, that was at the greasy end of the spectrum, I think. I prefer to listen to the head of the OECD, who is in London today, and who has said:

"I think dealing with the deficit is the best way to prepare the ground for growth in the future."

When it comes to the question of who supports this Government's policy, we have the OECD, the International Monetary Fund, the Federation of Small Businesses, the CBI and the Bank of England. When the shadow Chancellor was asked recently, "Who supports your economic policy?", there was a long pause and he finally replied, "*The Guardian*." I will keep my supporters, and you can keep yours.

Mr James Gray (North Wiltshire) (Con): The people of Wootton Bassett have sought neither thanks nor praise for what they have done on so many hundreds of occasions over the years, but they will be deeply honoured and very pleased by the great honour that Her Majesty has shown them. Will the Prime Minister now lead the people of Carterton, in his constituency, in filling their place?

The Prime Minister: First, may I say to my hon. Friend what an honour it is for me to be able to make the announcement about Royal Wootton Bassett, and how I enjoyed meeting him, the mayor of Wootton Bassett and others connected with the town? Let me make it absolutely clear: they did not ask for any recognition or any form of preferment. They believed that they were honourably and honestly doing a job that the whole country wanted to see done. Now that the route will be different, we need to consider the issues raised by my hon. Friend. Already, quite a demonstration of solidarity and support takes place outside the John Radcliffe hospital, but I will certainly bear in mind what he says.

Q13. [46699] **Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): Following the emphatic yes vote in the referendum on law-making powers, a series of UK Government Ministers have proposed a Calman-like process for Wales. Will the Prime Minister confirm that reform of the Barnett formula, as advocated by the independent Holtham commission, will be a cornerstone of any wider changes to how the Welsh Government are funded?

The Prime Minister: We are looking at a Calman-like process for Wales; we think that is right, and we will make some announcements and proposals. Let me just say that because the spending reductions in Wales are less than the spending reductions in England, we will find at the end of this Parliament that the difference in spending per head in Wales will be even greater than it is today, so I do not accept the contention that somehow people in Wales are being unfairly targeted with cuts; they are not. They are getting a better deal than some other parts of the United Kingdom.

Q14. [46700] **Simon Wright** (Norwich South) (LD): A report published today by the End Child Poverty campaign shows that when Labour left office, it left 30% of Norwich's children living in poverty—the worst figure in the east of England. Does the Prime Minister agree that such a complex problem demands a cross-Government response to tackle the causes of poverty and deliver greater social mobility?

The Prime Minister: The hon. Gentleman is entirely right, and if we think of combating child poverty simply in terms of moving people a little bit above or below the line we will never deal with the underlying causes of child poverty, which are worklessness, family breakdown, and other problems linked to it. I am determined that we will try our hardest, with expertise from across the House of Commons—the hon. Member for Nottingham North (Mr Allen) is involved in this work, as is the right hon. Member for Birkenhead (Mr Field)—making sure that we really look at life chances, as well as poverty itself.

Rushanara Ali (Bethnal Green and Bow) (Lab): Earlier this month I joined my constituents and many others from across the east end in commemorating the 68th anniversary of the 1943 Bethnal Green tube disaster. It was one of the worst civilian disasters of the second world war: 173 people were killed and 90 injured, while seeking shelter. Does the Prime Minister agree that there should be a fitting permanent memorial to those who perished, and will he lend his support to the Stairway to Heaven memorial campaign?

The Prime Minister: I will certainly look very carefully at what the hon. Lady says. She speaks very powerfully on behalf of her constituents about something that, yes, happened many years ago, but people will still have strong family memories of what happened at that time. I will look carefully at what she says and see what support my office and I can give.

Damian Collins (Folkestone and Hythe) (Con): Does the Prime Minister agree that nuclear power stations in the UK, such as Dungeness in my constituency, have an excellent safety record, and that new nuclear power will be an important part of our energy needs in future?

The Prime Minister: I do think that nuclear power should be part of the mix in future, as it is part of the mix right now. Obviously, I am sure that everyone watching the dreadful events in Japan will want to make

sure that we learn any lessons. Of course there are big differences: we do not have those reactor designs in the UK, nor do we plan to, and we are not in a similar seismically important and significant area. Nevertheless, I am sure that there will be lessons to learn, and that is why my right hon. Friend the Secretary of State for Energy and Climate Change has asked the head of nuclear inspections and safety to learn the lessons, and to make sure that we do so in our country.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): This week marks the 70th anniversary of the Clydebank blitz, in which 528 people lost their lives. Hundreds more were seriously injured, and 35,000 people were made homeless. Clydebank suffered the worst devastation and loss of life in Scotland during the second world war. Will the Prime Minister join me in paying tribute to all those who lost their lives, all those who still carry their injuries with them today and, crucially, the people who rebuilt Clydebank after those terrible events 70 years ago?

The Prime Minister: I will certainly join the hon. Lady in paying tribute to those people. It is important, as we reach the 60th and 70th anniversaries of these events, that we recognise that many people who lived through them are coming to the end of their lives. It may well be our last opportunity to commemorate what happened and to remember those who died. It is particularly important, as we come up to these anniversaries, that we get that right.

BILL PRESENTED

LONDON OLYMPIC GAMES AND PARALYMPIC GAMES (AMENDMENT) BILL

Presentation and First Reading (Standing Order No. 57)

Mr Secretary Hunt, supported by the Prime Minister, the Deputy Prime Minister, Mrs Secretary May, Mr Secretary Pickles, Mr Secretary Hammond, Mrs Theresa Villiers, Hugh Robertson and Norman Baker, presented a Bill to amend the London Olympic Games and Paralympic Games Act 2006.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 165) with explanatory notes (Bill 165-EN).

Mr Speaker: I ask Members who are leaving the Chamber to do so quickly and quietly, so that I can hear and respond to points of order.

Points of Order

12.33 pm

Ian Mearns (Gateshead) (Lab): Following the point of order made by my hon. Friend the Member for Hartlepool (Mr Wright) yesterday, and the response from the Deputy Leader of the House later in the day, I received a letter from the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb) outlining the reasons for the delay in answering questions. However, I find it a little incredible that a whole Department and its IT tracking device should find it more difficult to track the 563 unanswered questions than I do as an individual Member of Parliament. That seems to contradict somewhat the evidence given to the Education Committee a number of weeks ago by Lord Hill, who said that the Department was aware of delays in answering questions.

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I would say two things. First, it would be unwise for me to speculate on the technology of the matter and what has or has not happened, for the simple reason that I am in no position at this stage to know. Secondly, notwithstanding the hon. Gentleman's understandable frustration, which he has put on the record and which he might wish to share with his constituents, I think it fair to record that the Deputy Leader of the House looked into the matter extremely expeditiously yesterday and offered a gracious apology to right hon. and hon. Members. I will leave it there for today.

Mr John Leech (Manchester, Withington) (LD): On a point of order, Mr Speaker. During questions last week to the Secretary of State for Health, the hon. Member for Manchester Central (Tony Lloyd) attacked the Government's health policy and the role of private provision by claiming

"that at the Christie hospital in Manchester 150 jobs have been transferred from the NHS to the private contractor on that site.—[*Official Report*, 8 March 2011; Vol. 524, c. 757.]

That is simply not true. I have had written confirmation from the Christie that it is untrue. There has been no transfer of staff from the NHS to the new private partnership. I made the hon. Gentleman aware that I intended to raise the matter as a point of order. May I seek your guidance on whether it would be appropriate for him to apologise to the House for misleading Parliament, and to the Christie for making a false statement about its commitment and outstanding contribution to the NHS?

Mr Speaker: I am grateful to the hon. Gentleman for his attempted point of order. If an hon. Member makes a mistake, it is for the hon. Member concerned to decide whether it is necessary to correct what he or she has said and, if so, to decide how and when to do so. Meanwhile, the hon. Gentleman, who is quite an experienced hand, has offered his verdict clearly. It is on the record and I suspect that he may choose to share it with others. It is open to him to do so, but I cannot get involved beyond that.

Tony Lloyd (Manchester Central) (Lab) Further to that point of order, Mr Speaker.

Mr Speaker: It is very proper that the hon. Gentleman accused should have a chance to respond.

Tony Lloyd: Let me say to the House and far wider that if, inadvertently, I misled the House or anybody else on the issue, of course I unreservedly withdraw that claim. Let me make it clear that I would never claim something dishonest about the Christie hospital—not that it was going to close when it was not, and not that staff were being transferred when they were not. If I was wrong, I withdraw those remarks.

Mr Speaker: I am grateful to the hon. Gentleman. As far as I am concerned, certainly for today, that concludes that matter.

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker. As confidence in the safety of nuclear power has been shaken worldwide, and as no nuclear power station has ever been built on time or on budget, should not the House have an opportunity of considering the nature of the review, so that we can include costs and timetable in the likelihood of building new nuclear power stations in this country?

Mr Speaker: First, the hon. Gentleman may well choose to approach the Backbench Business Committee in pursuit of time to debate the issue. Secondly, I am reminded again by the efforts of the hon. Gentleman why he is the author of that well-thumbed tome, "How to be a Backbencher". We will leave it there for today.

Special Urban Development Zones

Motion for leave to introduce a Bill (Standing Order No. 23)

12.38 pm

Steve Rotheram (Liverpool, Walton) (Lab): I beg to move,

That leave be given to bring in a Bill to require the Secretary of State to create Special Urban Development Zones; to set out the criteria on which such Zones must be designated, including criteria relating to Housing Market Renewal Initiative status and areas of multiple deprivation; and for connected purposes.

My aim in introducing the Bill is simple—to see areas blighted by entrenched multiple deprivation given the targeted attention they so desperately and urgently need, and to try to give Members on the Government Benches—the few who are here—some comfort or reassurance. I am not talking about yet another bureaucratic layer for its own sake, or about a new network of talking shops. The public do not set much store by what we in Liverpool would call Mickey Mouse gimmicks. I am talking about intensive intervention capable of delivering meaningful, measurable and tangible results that link in with and complement the soon to be introduced enterprise zones, local enterprise partnerships and other such Government initiatives. For some of our more blighted areas, this is long overdue. For those who live their daily lives in such conditions, the proposals are a matter of the utmost urgency. I propose the introduction of specified development zones and their roll-out out across the whole country. I will use the example of north Liverpool, for purely illustrative purposes, to explain my motivation and serve as justification for the Bill.

I should first explain that my interest in the north of the city is not purely political, although my constituency covers a large portion of it—or at least, it will until it is realigned by the Deputy Prime Minister's spurious measure of an arbitrary, arithmetical norm. For me, the Bill's proposals are personal, as they will be to other representatives of disadvantaged constituencies. I have lived in Walton all my married life and witnessed with anguish and frustration the social and economic stagnation in certain wards. I am determined to see something done about it.

Let me start by reminding right hon. and hon. Members of the bigger picture. In recent months, I have had cause on several occasions to recite some of the grim statistics that place Liverpool in the top five or so places nationally of every possible index of deprivation, and the city is at the very top of that unenviable league table when the indices are combined. On those occasions, I have been disappointed by the indifferent, even mocking, responses from some Members on the Government Benches. Some of that I attribute simply to ignorant or baseless prejudice, but some of it has to do with people becoming immune and insensitive when repeatedly exposed to hard-grained, albeit abstract, facts. To borrow from an infamous aphorism, the poverty of one is a tragedy; the poverty of many a mere statistic.

Whatever the case, Liverpool's socio-economic problems are common knowledge, but what many outsiders will not know is that in north Liverpool they are disproportionately concentrated and the consequences correspondingly magnified. A complex and historical mix of issues, such as low educational attainment, a low

[Steve Rotheram]

skills base, high welfare dependency, poor housing, low or unskilled employment, which is often casual, and poverty of aspiration have made for a potent, self-perpetuating, cyclical cocktail of disadvantage and marginalisation.

In recent times, against the odds, Liverpool has come on in leaps and bounds, which is to be commended and celebrated. Many Members, even on the Labour Benches, will be astonished at our city's transformation and urban renaissance when the party has its conference there later in the year, just as the Lib Dems were when they visited.

It remains, however, a tale of two cities in one, a sub sub-regional north-south divide. The wealth, opportunity and aspiration so evident in the centre and elsewhere have not filtered through to north Liverpool. That has long been the case. In the 19th century, well-healed visitors to the city wrote with pity and horror about its poor, most of whom were clustered, even then, in the inner north. The Victorian street urchins and the notorious back-to-back dwellings are long gone, but the causes and effects of poverty that characterised large swathes of the city's underclass in those northern suburbs persist today. That is unconscionable.

I blame no particular Administration or party. Over the years various well-intentioned local, regional and national initiatives have aimed at reviving the area, but they foundered, overwhelmed by the scale of the difficulties they face or bogged down by conflicting or competing priorities. The soon-to-be defunct housing market renewal initiative essentially recognised what we need to do and made some progress, but ultimately it was neither sufficiently focused nor sufficiently geographically specific to meet north Liverpool's needs. In any case, it tackled only one of a plethora of problems.

It is time to get to grips with the situation once and for all. The difficulties in the north of the city might have become entrenched, but I refuse to accept that they are insurmountable. As my predecessor, Peter Kilfoyle, argued consistently in this place and in Liverpool, the plight of north Liverpool powerfully demonstrates why we need a fresh, full-spectrum approach to deprivation hot spots, both to tackle the root causes and to address the effects.

Through this Bill, I envisage the creation of designated special urban development zones, intelligently configured according to multiple deprivation indices and housing market renewal intervention status. Each SUDZ would comprise an operational framework consisting of three elements: first, a clear and holistic strategy with realistic and measurable objectives: a focused strategy, unashamedly biased in favour of the interests of the zone; and a strategy devised, developed and monitored with a single purpose in mind—the whole-scale and sustainable regeneration of the area in question.

Secondly, there would be funding—yes, funding—or at least additional resources and/or tax incentives. It is all very well banging on about austerity measures, but, as I have pointed out repeatedly in this place, any economy that grows while concentrations of deprivation throughout the country are simply left to fester and rot is an utterly false, foolish and precarious economy. It is also morally reprehensible.

Thirdly, there would be a dedicated delivery vehicle: an independent, stand-alone authority that was suitably equipped and sufficiently robust to work with partners on an equal footing, and with the ways and means—in other words, the clout—to get things done.

I have used north Liverpool as a case in point. It is what I know best; it is my priority; and in my view its regeneration ought to be high on the to-do list of any competent, right-minded Government. But there are many north Liverpools, dotted throughout the country, facing equal hardship and equally deserving of the action I suggest. I propose this Bill on their behalf, too.

Were the Bill to be enacted, it would signal a clear commitment by this allegedly progressive Government to tackling poverty and inequality. Inaction borne of apathy, indifference or something more cynical is no longer an option, and I therefore beg leave to bring in the Bill.

Mr Speaker: The question is that the hon. Member have leave to bring in his Bill.

Gordon Birtwistle (Burnley) (LD) Mr Speaker, am I allowed to comment?

Mr Speaker: If the hon. Gentleman wishes to oppose the Bill, he can.

Gordon Birtwistle: I do not wish to oppose the Bill. What I—

Hon. Members: Sit down.

Mr Speaker: Order. I am grateful to the hon. Gentleman for his courtesy, but he cannot make a comment on the Bill. He is either opposing it or not.

Question put and agreed to.

Ordered,

That Steve Rotheram, Mrs Louise Ellman, Stephen Twigg, Luciana Berger, Graham Jones, Bill Esterson, Catherine McKinnell, Mr Joe Benton, Mr Dave Watts, Ian Murray, Thomas Docherty and Tom Greatrex present the Bill.

Steve Rotheram accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 17 June and to be printed (Bill 163).

Opposition Day

[13TH ALLOTTED DAY]

Fuel Prices and the Cost of Living

Mr Speaker: The first of the two debates is on fuel prices and the cost of living. I inform the House that, in the first debate, I have selected the amendment in the name of the Prime Minister.

As colleagues will be aware, in the light of the level of interest in participating in the two debates, I have imposed a six-minute limit on Back Benchers' speeches in each of the two debates. There is, of course, no formal time limit on Front Benchers' speeches, but in view of the interest I appeal to Front Benchers to exercise a certain self-denying ordinance.

12.50 pm

Ms Angela Eagle (Wallasey) (Lab): I beg to move,

That this House recognises that rising world oil, food and commodity prices are increasing the cost of living and adding to the squeeze on families on low and middle incomes across Britain; believes this has been compounded by the Government's decision to increase VAT to 20 per cent., which will cost a family with children an annual average of £450, has helped to push up the consumer prices index annual inflation to 4 per cent. and, according to the House of Commons Library, is adding £1.35 to the cost of filling up a vehicle with a 50 litre tank; notes that the AA announced last week that the cost of unleaded petrol has now reached an average of £6 a gallon and that the fuel duty stabiliser promised in the 2010 Conservative Party manifesto has not yet been announced or implemented; further notes that the previous administration regularly postponed planned fuel duty rises when world oil prices were increasing sharply, as they are now; and demands that the Government takes immediate steps to reverse January's VAT rise on road fuels, using the extra £800 million from the bank levy and securing the appropriate EU derogation, in order to provide relief to hard-pressed motorists and, at the time of the Budget, looks again at the annual duty rise due in April.

It is a great pleasure to follow my hon. Friend the Member for Liverpool, Walton (Steve Rotheram), whose ten-minute rule Bill seeks to address an issue that is close to the hearts of all of us from Merseyside.

Times are increasingly tough for millions of ordinary hard-working people and families in our country. Since May last year, we have seen this Government embark on a reckless gamble with our future prosperity. Public expenditure is being cut too deep and too fast, and up and down the country millions of people are really beginning to feel the pinch. Families are facing the biggest squeeze in their living standards for 80 years, and some economists are warning that it could get still worse. Real wages are static, even falling. With recruitment freezes, job losses and rising unemployment, people are right to be worried about the future.

Mr Greg Knight (East Yorkshire) (Con): Will the hon. Lady help the House? Over the past 13 years, in every aspect of Government policy, the Labour Government were deliberately and decisively anti-motorist. Does the motion before the House today represent a seismic shift in policy, or is it, as we suspect, a transient spat of opportunism?

Ms Eagle: I am rather sorry that I gave way so early in my remarks to that kind of comment. I do not recognise the right hon. Gentleman's caricature of our policies for motorists. Perhaps he has been reading too much of the *Daily Express*. *[Interruption.]* Well, I am a motorist as well. He should realise that motorists are not confined to the Conservative Benches.

Robert Halfon (Harlow) (Con) *rose—*

Ms Eagle: I will give way to the hon. Gentleman, but after that I should like to get some more remarks in.

Robert Halfon: I find the Labour motion astonishing, because over the past few years the hon. Lady's party crucified Harlow's motorists by putting up fuel duty by 6% a year and increasing it more than 12 times—and it was going to introduce another tax.

Ms Eagle: I will come to the details of the motion later. Perhaps the hon. Gentleman will do us the honour of staying in the Chamber and listening to that.

Taxes such as VAT are rising, and the Chancellor's huge cuts in benefits and services are only just starting to bite. The Government are doing all this while the world economy is still very fragile after the international banking crisis. Global commodity prices are soaring, and these price increases are hitting people and businesses in Britain hard.

Mark Tami (Alyn and Deeside) (Lab): Does my hon. Friend agree that this problem tends to have a worse effect in rural areas than in some towns? A lot of people in rural areas rely on oil as a fuel, so they are being hit by a double whammy.

Ms Eagle: I am pleased that the competition authorities have launched an investigation into what has been going on with heating oil. My hon. Friend is right to point out that transport in rural areas is a particular issue.

People who are already financially stretched by this Government's slash-and-burn approach now find themselves trying to cope with sudden sharp increases in the price of essentials such as food, energy and fuel. Recent OECD figures put UK food inflation at 6.3%. That is higher than the consumer prices index, higher than the retail prices index, and higher than in most of the rest of Europe. In my constituency, parents are now worried about the rising cost of providing balanced meals for their children.

Caroline Lucas (Brighton, Pavilion) (Green): Does the hon. Lady agree that the fuel duty escalator is an important tool to send a clear message that oil prices are going to have to continue to rise, not only for geopolitical reasons but because of peak oil and climate change, and that a way of ensuring that the poorest are not hardest hit would be to scrap the recent VAT increase in totality and replace it with a crackdown on things such as tax evasion and tax avoidance?

Ms Eagle: The hon. Lady is right that there has to be a balance between the environmental aspects of taxes on fuel and living standards. However, I find, all too often, that on the green side of the argument the social

[Ms Angela Eagle]

justice aspects of imposing environmental tax rises are not thought about enough, and such measures tend to hit hardest people whom we are least able to help. She needs to help all of us, when we are thinking about this, by bearing in mind the effects on poverty of environmental taxes.

Mr Dennis Skinner (Bolsover) (Lab): The fuel duty escalator was introduced by the former Tory Chancellor of the Exchequer, the right hon. and learned Member for Rushcliffe (Mr Clarke). One of the first things that the Labour Government did on assuming office was to make sure that we did not pursue that policy. *[Interruption.]* Oh, yes. That is why, on several occasions in our 13 years, the Labour Chancellor of the Exchequer got rid of the fuel duty increase. That is the truth.

Ms Eagle: My hon. Friend fingered the right hon. and learned Member for Rushcliffe, but in fact the fuel duty escalator was introduced in 1993 by a person who is now in the other place, Lord Lamont—

Charlie Elphicke (Dover) (Con) *rose—*

Brandon Lewis (Great Yarmouth) (Con) *rose—*

Ms Eagle: Let me finish my sentence. It is absolutely the case that it was Conservative Chancellors of the Exchequer who first introduced the fuel duty escalator.

Chris Ruane (Vale of Clwyd) (Lab): And it escalated.

Ms Eagle: It did escalate. It is also true that it escalated for one year when we came into government, but we had six years when we did not increase fuel duty at all—not even in real terms. Fuel duty escalators need to be applied sensitively.

Charlie Elphicke *rose—*

Ms Eagle: I am more than happy to give way to the hon. Gentleman.

Charlie Elphicke: I thank the hon. Lady for her kindness and generosity in allowing me to intervene. To clear up the addling of some minds in the House regarding the history of this matter, will she confirm that in 1997 duty was 36.86p and today it is 57.19p?

Ms Eagle: One has to remember that the price of petrol at the election was £1.20 a litre, at a time when the Conservatives were promising to cut 10p off the price of a litre because petrol prices were too high. It is now £1.32 a litre.

Brandon Lewis *rose—*

Claire Perry (Devizes) (Con) *rose—*

Matthew Hancock (West Suffolk) (Con) *rose—*

Ms Eagle: I give way to the hon. Member for Great Yarmouth (Brandon Lewis), because he stood first.

Brandon Lewis: I thank the hon. Lady for being so generous in giving way. Will she confirm that, despite what has been said, my hon. Friend the Member for Dover (Charlie Elphicke) is right: there were 12 fuel duty rises under the Labour Government, and six more were set to come into force before they left office and would have done in the next few years?

Ms Eagle: As I said, we had six years when we did not even increase the price of fuel by inflation, so there were real-terms price falls. The number of increases in all sorts of duties tends to expand the more one is in government. We will see what this Government do in the Budget next week.

Michael Connarty (Linlithgow and East Falkirk) (Lab): The difference in our approach is that we are looking to help people across all parts of the economy. Surely the people at the Freight Transport Association who have been campaigning solely for a fuel duty rise not to be imposed, which would benefit them, should realise that they must build an alliance with other people by campaigning for the striking down of the increase in VAT to 20%, which is hurting everyone, including not only themselves as the people who deliver goods, but the people who have to purchase those goods.

Ms Eagle: It is clear that increases in fuel duty have knock-on effects on petrol prices, and that fuel prices in general have complex knock-on effects in an economy. The Government have to think about that as they approach the Budget.

Rehman Chishti (Gillingham and Rainham) (Con): Will the hon. Lady give way?

Ms Eagle: No. I have given way a few times, and I am going to get on with my remarks.

It is absolutely clear that increased fuel duty costs are eating further and further into already stretched household budgets, making the squeeze on living standards even worse. Businesses are suffering from problems caused by inflating commodity costs, tighter margins and restricted access to credit from the banks. Many are anxious about how they will get by in the next few years, and the continuing rise in the price of fuel is adding to that worry.

Claire Perry: Will the hon. Lady give way?

Ms Eagle: I will get on with my remarks and give way to the hon. Lady shortly.

The cost of oil has been rising on world markets as a result of underlying increases in demand from Asia and uncertainty because of the unrest in the middle east. Just a week ago, petrol prices hit a new high at the pumps. The average price for unleaded fuel is, a week later, still £1.32 a litre. That means that the cost of fuel has risen 7p a litre since the beginning of the year. The AA pointed out that the £6 gallon has arrived for the first time, and that prices for diesel have soared even higher, currently averaging £1.38 a litre.

Gordon Birtwistle (Burnley) (LD): I am grateful to the hon. Lady for giving way—*[Interruption.]* May I refer to an e-mail that I received—*[Interruption.]*

Mr Speaker: Order. That is not an orderly way in which to conduct the debate. An hon. Member should not stand up in the Chamber with an electronic device and read from an e-mail as a means of debating. That is the current position—such matters are always subject to review, but I assure the hon. Gentleman that that is the position at the moment, and we will leave it there.

Gordon Birtwistle: I apologise.

Mr Speaker: I am grateful to the hon. Gentleman,

Ms Eagle: That is nought out of two for the hon. Gentleman. Perhaps the next time he tries to intervene, he will manage to be in order.

Gordon Birtwistle *rose—*

Ms Eagle: I am not willing to give way to the hon. Gentleman. *[Interruption.]* He can show me the e-mail afterwards.

The Conservative-led Government's decisions to raise VAT to 20% may have been expertly disguised before the election so that the voters were kept in the dark about it, but we all know about it now. Increased VAT has added an average of £450 a year in extra cost to a family with children and has pushed the headline CPI figure to 4%, which is double the Bank of England's target.

Gordon Birtwistle *rose—*

Ms Eagle: I will not give way to the hon. Gentleman.

As we all know, VAT applies to petrol. The Library calculated that the Conservative Government's 2.5% increase in VAT has added nearly 3p to the cost of a litre of petrol when people are least able to absorb that extra cost.

The Economic Secretary to the Treasury (Justine Greening): Perhaps the hon. Lady will confirm and clarify her party's position on—I think—fuel duty. I am not sure because on ITV's "Daybreak" the shadow Chancellor said: "We're saying today, as well as the duty thing, which I'll think you'll freeze"—I presume that he was not saying that explicitly to Christine Bleakley—"I think you should reverse the VAT rise." Specifically on the "duty thing", is the shadow Chancellor talking about freezing the 1p rise, the RIP rise—[Hon. Members: "RIP?"] Sorry, I mean the RPI plus one rise. Which is it? *[Interruption.]* I might have made a slip, but I was thinking about the Opposition and their policy.

Mr Speaker: Order. Before we continue, may I appeal to Members, including Ministers and other Front Benchers who are intervening, to do that economically? I remind the House that the Chair's responsibility is to seek to protect the rights of Back-Bench Members who wish to speak. I put it to Front Benchers that Back Benchers will be not inconsiderably irritated if long speeches from the Front Bench stop them getting in.

Ms Eagle: I was trying to help hon. Members by giving way. Obviously, that extends the time that one's remarks take, but I think that some exchange helps the debate.

I hoped that the Chief Secretary would be here today, but we have the Economic Secretary instead. Why will the Chief Secretary not turn up to one of his own debates? Where is he? Why has he not come to tell us about what he has been doing on all those issues?

Mr Alan Reid (Argyll and Bute) (LD): The hon. Lady will recall that when she was a Treasury Minister, she received a delegation of highlands and islands Members of Parliament, including the Chief Secretary, and that we asked for a fuel duty derogation for remote rural areas. We had tea and sympathy, but no action. The Chief Secretary is now implementing that policy. Does the Labour party now support reduced fuel duty for the islands?

Ms Eagle: We want to do something that helps everyone in the country, not one third of 1%.

As we all know, VAT applies to petrol. As I said , the Library has calculated that the 2.5% increase in VAT has added nearly 3p to the cost of a litre of petrol when people are least able to absorb that extra cost. We all know that an extra fuel duty increase of 1p above inflation is factored into the Chancellor's Budget arithmetic and due to be implemented next month. Taken with rising inflation, those changes could put 5p a litre on to fuel duty rates. The combination of sharp rises in world oil prices, ongoing uncertainty in the middle east and the self-inflicted rise in VAT is creating real hardship for many people. It causes higher inflation, lowers consumer spending power, which is already weak, and reduces both consumer and business confidence, thereby putting any prospect of growth at risk. The economy shrank by a shock 0.6% in the last quarter of 2010. People are getting increasingly desperate for some relief from the Conservative Government, but there is precious little sign of it.

Several hon. Members *rose—*

Ms Eagle: I am trying to get on with my remarks, as the Speaker wishes me to do.

What help has been put in place to tackle rising fuel prices since the Government took power last May? The Business Secretary was reported as telling the Press Gallery over lunch recently:

"It's quite likely that we are going to get a nasty period of high fuel prices".

Top marks for observation, but most people would think that, at an average of £1.32 a litre, we already have a nasty period of high fuel prices. However, the Minister of State for International Development does not seem to think that they are high. As a former oil trader, he was unable to resist the urge to speculate. His irresponsible guesswork succeeded in generating front-page headlines in *The Sunday Times* on 6 March, when he announced that he thought that the record price of $147 a barrel for oil reached at the height of the oil price spike in 2008 would be smashed. He said:

"I've been saying in Government for two months that if this does go wrong, £1.30 at the pump could look like a luxury, $200 a barrel is on the cards".

His words of wisdom, which were hardly calculated to bring calm to the international oil markets, were reported around the globe. His headline-grabbing antics succeeded

[Ms Angela Eagle]

only in making a bad situation worse, and, I would imagine, swift removal from No. 11 Downing street's Christmas card list.

Meanwhile, total incoherence was breaking out in the oddly named "quad", which, for those who do not know, consists of the Prime Minister, the Deputy Prime Minister, the Chancellor of the Exchequer and the Chief Secretary. Apparently, they are meant to be the ones who actually run the Government, and it seems that they are falling out over the Conservative manifesto promise to introduce a so-called fuel duty stabiliser, which would cut duty when prices were high but raise the tax when prices fall.

Several hon. Members *rose—*

Ms Eagle: I will not give way. I am trying to get on. *[Interruption.]* I hope that the hon. Member for Devizes (Claire Perry) will stay in order. I have said that I want to get on with my remarks because the Speaker is trying to protect Back-Bench business, and I have given way a lot. She should now be patient if she wishes to contribute to the debate.

The fuel duty stabiliser relies on the view that increasing oil prices provide the Treasury with a windfall from North sea oil revenues that can be distributed to hard-hit fuel users. Where is the fuel duty stabiliser? In April last year—conveniently before the general election—the Prime Minister, after a huge song and dance on the issue, which we saw on the front pages, suggested that a Conservative Government would cut the cost of petrol by 10p a litre if oil prices remained high. At that time, petrol cost 12p a litre less than it does now. *The Daily Telegraph* reported that the Tory fuel duty stabiliser

"is expected to be launched within months if Mr Cameron is successful."

As oil prices soar, voters who remember that promise are still waiting.

Since then, the Prime Minister has dropped lots of little hints about his pet policy, without actually doing anything about it. Every time he mentions it, he is quickly slapped down by the Chief Secretary. That happened in January just after a prime ministerial fuel price hint. Speaking on the BBC's "Politics Show", the Chief Secretary said of the stabiliser mechanism:

"It's a complicated idea and it's difficult to see precisely how we achieve it".

Of course, that did not stop the Conservatives dangling the idea cynically before the electorate last April. In the same BBC interview, the Chief Secretary rejected calls to scrap the 1p rise in fuel duty that is due to be introduced this April, saying—

Several hon. Members *rose—*

Ms Eagle: No, let me finish. The Chief Secretary rejected calls to scrap the 1p increase, saying that he was not prepared to "sacrifice income willy-nilly" to help motorists. That is the Chief Secretary who is not at this debate. Perhaps Conservative Members should be asking him their questions. He proceeded to champion the fuel derogation for remote islands, which will help just a third of 1% of Great Britain's almost 34 million registered vehicles and 60 million people. To be fair to him, he has battled for 10 months to get that policy up and running and, showing the energy and drive for which he is famous, he has managed to get around to asking the EU for permission to think about doing it. That is a perfect example of a policy from this Government: it generates a satisfyingly large amount of headlines, helps virtually nobody and costs almost nothing.

Meanwhile, the Chancellor asked the Office for Budget Responsibility to undertake an assessment of the effect of oil price fluctuations on the public finances, in order to design a stabiliser mechanism. It produced that assessment last September.

Brandon Lewis *rose—*

Charlie Elphicke *rose—*

Sajid Javid (Bromsgrove) (Con) *rose—*

Ms Eagle: I have given way to the hon. Member for Great Yarmouth (Brandon Lewis) already.

The Office for Budget Responsibility produced the assessment last September, and it failed to make the numbers stack up for the policy. It calculated that the overall effect on the public finances of a temporary oil price rise would be close to zero, and that a permanent rise would create a loss to the public finances. In other words, there is no windfall for the Treasury to redistribute using a so-called fuel duty stabiliser mechanism.

No one appears to have told the Prime Minister about that and he clearly has not bothered to read the OBR report, because at Prime Minister's questions a couple of weeks ago, he promised a fuel duty stabiliser in the Budget:

"we will look at the fact that extra revenue comes to the Treasury when there is a higher oil price, and see if we can share some of the benefit of that with the motorist."—[*Official Report*, 2 March 2011; Vol. 524, c. 300.]

The Daily Telegraph called that statement "misleading and economically illiterate". I could not have put it better myself.

Brandon Lewis *rose—*

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP) *rose—*

Ms Eagle: I have given way to the hon. Member for Great Yarmouth.

That statement shows that this Government are run by a Prime Minister who does not do detail and who appears to be at odds with his own Chief Secretary. The OBR has shown that a temporary rise in oil prices generates a £100 million surplus in the first year for the Treasury, but that that turns rapidly to a net revenue loss of £700 million the year after. What the Government gain from higher oil tax revenues, they lose from the effects of higher prices on consumption and the requirement to spend more on indexing pensions and benefits. A permanent rise causes permanent losses to the public finances. The Prime Minister has to stop pretending that there is a windfall in rising oil prices that he can share out, because it simply does not exist. *[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the hon. Lady. I say to the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) that loud conversations in the middle of a speech are discourteous and must not happen. That is not a proper way to conduct debate. I am not having it, and that is the end of it.

Ms Eagle: I was saying that the Office for Budget Responsibility has given the lie to the view that a fuel duty stabiliser mechanism can be financed by the windfall that rising oil prices give the Government by revealing that that surplus does not exist.

The Secretary of State for Business, Innovation and Skills was caught recently saying that the Liberal Democrats are in a "constant battle" inside the Government, especially over tax proposals. They are obviously in a battle over the fuel duty stabiliser. In debates on the 2008 Finance Bill, he said that fuel duty stabilisers were "unbelievably complicated and unpredictable". He also said:

"May I suggest that there might not be any net windfall at all?"—[*Official Report*, 16 July 2008; Vol. 479, c. 339.]

The OBR has since confirmed that there is not. The Liberal Democrat bit of the Government is saying one thing and its Tory masters another. Together, there is total inaction on fuel prices.

The Institute for Fiscal Studies has concluded that introducing a fuel duty stabiliser would inject more uncertainty into the public finances rather than less. Analysis by the Policy Studies Institute found that if a stabiliser had existed for the 12 months to last December, when the price of petrol rose by 13p a litre, it would have cost the Exchequer a staggering £6 billion. The Government's flagship policy on fuel, which they used cynically before the election to generate so many favourable headlines and to gather votes, is not only late in arriving, but looks shambolic and incoherent.

Andrew Bridgen (North West Leicestershire) (Con) *rose—*

Charlie Elphicke *rose—*

Ms Eagle: It is clear that the policy can be introduced only at the risk of injecting huge and dangerous uncertainty into the public finances. I give way to the hon. Member for North West Leicestershire (Andrew Bridgen).

Andrew Bridgen: The Labour party's apparent damascene conversion on fuel taxes will amaze and intrigue the bulk of the electorate. Will the hon. Lady confirm whether she supported the crafty action of the previous Chancellor of the Exchequer, who effectively excluded fuel from a VAT reduction in 2008 by raising duty, and then put the VAT on fuel back up to 17.5% in January 2010?

Ms Eagle: One minute Government Members say that we have no plan to deal with the deficit, and the next minute they complain that we had a plan that would have raised money. They really do try to have it both ways and are not remotely coherent.

The time for action is now. The Chancellor should take immediate action on fuel prices to ease the cost of living crisis in Britain. He does not even have to wait until the Budget. We are calling on him to reverse immediately the 2.5 percentage point increase in VAT on petrol that he imposed in January.

Charlie Elphicke *rose—*

Sajid Javid *rose—*

Ms Eagle: I have given way to the hon. Member for Dover (Charlie Elphicke).

The House of Commons Library has estimated that that reduction would cost £700 million and take nearly 3p a litre off the price of petrol.

Jacob Rees-Mogg (North East Somerset) (Con): Will the hon. Lady give way?

Ms Eagle: I always give way to the hon. Gentleman.

Jacob Rees-Mogg: The hon. Lady is always enormously gracious and generous in giving way. The Labour party is now proposing tax cuts, and has not proposed any serious spending cuts. Does it just want the country to go bankrupt?

Ms Eagle: The hon. Gentleman should not believe the propaganda from Tory central office. Of course we do not want the country to go bankrupt. We had a plan that would have halved the deficit, rather than dealing with it in four years. If I were in the Conservative party, I would not be quite so proud of producing the third largest fiscal consolidation—public spending cuts in ordinary language—of the top 29 industrialised countries, beaten only by Iceland and Ireland. As the hardship and the squeeze on living standards in this country become clearer in the coming year, the Government will come to rue their decision to cut too far and too fast. People will suffer day in and day out as a result of that decision.

Several hon. Members *rose—*

Ms Eagle: I want to get to the end of my remarks, and I have given way a lot.

Mr MacNeil: Will the hon. Lady give way?

Ms Eagle: I will give way to the hon. Gentleman before I finish.

Mr MacNeil: I am not sure what the hon. Lady thought about living standards in the Outer Hebrides when, time after time, she stood at the Dispatch Box as a Minister and said what she could not do and why she could not do it. Does she, in her quieter moments, regret not approaching the European Commission for a rural fuel derogation for the Hebrides and other islands in Scotland?

Ms Eagle: Why does the hon. Gentleman not want to help the whole of Scotland? Why does he want to help only a tiny bit of Scotland?

Andrew George (St Ives) (LD): Will the hon. Lady give way on that point?

Ms Eagle: I must continue.

The Chancellor should use the Budget to look again at the annual fuel duty rise due in April, because of the price of fuel in world markets. At this time of instability and change in the middle east and north Africa, the Chancellor has to work with other Finance Ministers to try to keep oil supplies flowing and get world oil prices down.

At the weekend, the Deputy Prime Minister claimed that the Liberal Democrats were

"in the middle, for the middle".

I say to them this afternoon: prove it. If they really cared about the struggles facing hard-pressed families in Britain, they would join us in the Lobby and vote for our motion. I for one look forward to seeing them.

Mr Russell Brown (Dumfries and Galloway) (Lab): My hon. Friend has laid out clearly why a fuel duty stabiliser or regulator would not work in fiscal terms. The tragedy is that the wider UK public, on the back of the Fair Fuel UK campaign, have been sold the idea of a stabiliser while at the same time talking about a reasonable price. Does she have any idea what would be a reasonable price with which people would be satisfied? It would be quite unsustainable, I think.

Ms Eagle: I thank my hon. Friend for his observations, and he is quite right. The stabiliser mechanism relies on our having some idea of the price at which petrol ought to be stabilised, which means guessing right. A wrong guess could lose the Exchequer a lot of money. The question is, when is a rise in fuel prices a blip and when is it a trend? A stabiliser would require a judgment call on that point, too, and if the Government got it wrong it could cost a lot of money.

We have had nothing but delay and dithering on the issue from the coalition parties, despite their electoral promises, which were lavish in the extreme. The Government should be taking action now. Instead, just 10 months in, what do we have? A Foreign Secretary who is looking for his mojo, a Deputy Prime Minister publicly denying being taken hostage by the Prime Minister from inside his £2 million ring of Sheffield steel, and a Business Secretary who is so full of self-importance that he claimed he could bring the Government down single-handed if he was pushed too far. Millions of Britons struggling in the middle of the largest squeeze in living standards for 80 years are hoping and praying that somebody will push him, and push him fast.

Families are crying out for help now, but the Government are cutting too far, too fast and pursuing a dangerous and extreme experiment on the UK economy. Since they came to power, growth has stalled. Today's unemployment figures are the worst since 1994, and inflation is double the Bank of England's target. They need to recognise that families need help now, and they need to forget the dogma and join us in the Lobby to vote for this cut.

1.23 pm

The Economic Secretary to the Treasury (Justine Greening): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes that the Government inherited the largest deficit in UK peacetime history and that the previous Government and current Opposition has no credible plan to deal with the deficit; further notes that this Government has already taken steps to support families and that those on low and middle incomes will benefit from April 2011 from a £1,000 increase in the income tax personal allowance, above-indexation increases in Child Tax Credit and that pensioners will receive new 'triple-lock' increases in the basic State Pension; further notes the significant impact on fuel prices in the UK of the dramatic increase in the world oil price to over $100 per barrel and the impact on households and business; notes that the previous Government increased fuel duty no less than four times between December 2008 and April 2010, proposed introducing a fuel escalator from 2011 and planned for a further series of six consecutive fuel duty rises up to 2014; nonetheless recognises the significant impact of high fuel prices on motorists, hauliers and businesses and that the Government is considering a fair fuel stabiliser that could support motorists and businesses when oil prices are high; and in addition notes that a reduction in VAT on fuel would be deemed illegal under EU law and that the Chancellor will update the House on this issue at the time of the Budget,".

There we have it, from the party that came into government with fuel duty at 36.86p a litre and left it at 57.19p a litre—a whole load of moaning and insubstantial comments about what it cannot do to help motorists. The Government, unlike the Opposition, understand the seriousness of the issues that we are debating today. We know that the increase in the world's oil price, as it feeds though to all other goods, is leaving many people out of pocket, and that families up and down the country are finding it hard to make ends meet. The Opposition clearly have no grasp of the issues at hand, as we have just heard; to them, it is just politics. They are simply not interested in how people on the ground actually feel about things, and they have no credible policies to back up their claims.

Andrew George: The Labour motion mentions

"securing the appropriate EU derogation".

I hoped that the shadow Minister would give way to me, so that I could ask her what European derogation that is, and how many times in the past 13 years Labour attempted to seek it. Has the Economic Secretary seen anything in the records of the Treasury suggesting an answer to those questions?

Justine Greening: Officials are not aware that the last Government sought any derogation in relation to VAT on fuel at any point in the past 13 years. In fact, if the shadow Chancellor had gone off to Europe with his influencing strategy, which was clearly so unsuccessful when he was running for the leadership, I doubt that there would have been any prospect whatever of his making any progress. The Labour party seems to have about as much understanding today of the economic situation that it has left our country in as it did of the situation two years ago, when it ran this country into the deepest and longest recession in living memory.

Rehman Chishti: Will my hon. Friend confirm that the shadow Chancellor was wrong in law when he said that there should a reversal of the VAT rise on fuel? Under EU directive 112 of 2006, that cannot legally be done.

Justine Greening: My hon. Friend is absolutely right. In fact, the EU directive on VAT states:

"Member States may apply either one or two reduced rates...The reduced rates shall apply only to supplies of goods or services in the categories set out in Annex III."

That annex does not include road fuel, and other amending articles do not permit a reduced rate or exemption to be applied to transport fuel. That in is European Council directive 2006/112/EC of 28 November 2006 on the common system of value added tax, at article 98 and annex III.

Charlie Elphicke: In the light of what my hon. Friend has just said, is not the motion before the House a shamelessly opportunistic preying on the justly held fears of the British people about the cost of fuel?

Justine Greening: That is absolutely what it is, and it is something else as well—it is a smokescreen. The Labour party has no plan whatever to tackle the deficit, and this Opposition day debate is all about trying to divert attention from that. It had no plans when it was in government, and it has no plans now it is in opposition.

Sajid Javid: One of the most important components of the cost of living is the interest rate, which in turn determines mortgage rates. Does my hon. Friend agree that, because of the action this Government have taken, Britain today has a lower interest rate than countries in Europe that have far higher deficits? That is the very action that the shadow Minister sought to criticise.

Justine Greening: One of the problems is that the Labour party and the shadow Chancellor do not even accept that there is a structural deficit. My hon. Friend is absolutely right to point out that the steps we are taking to tackle the deficit and bring our public finances back under control and into a sustainable shape, so that we can fund public services affordably for the long term, will give us a much better chance of keeping interest rates and inflation low. That is critical to ensuring that we can support our economy more broadly.

John Mann (Bassetlaw) (Lab): It would help the debate and the Economic Secretary's own Back Benchers if she could tell us which party is responsible for the majority of the taxation on fuel today.

Justine Greening: I am sure the hon. Gentleman was quite happy trotting through the Aye Lobby when his party brought forward its 12 fuel duty rises and the Budget in which it announced a further six. His question is particularly disingenuous because at that time the Conservative party was campaigning against unreasonable and unfair rises in such things as road tax. The Labour party paid no attention and continued to hammer motorists again and again.

Caroline Lucas *rose*—

Justine Greening: Perhaps I will make a bit of progress, because I know that many Members want to take part in the debate.

John Mann: We want an answer.

Justine Greening: I shall answer the hon. Gentleman, who is hectoring from a sedentary position. When his party was in government, it knew all about raising taxes. In fact, it formed the ultimate tax-and-spend Government, who got us into such a situation that their final Chief Secretary wrote a note saying that there was no money left. I really do think that if the Labour party wants to be taken seriously on the economy, it must start living in the real world instead of the fantasy world that it currently finds itself in, particularly in relation to EU VAT directives.

Mr Speaker: Order. I apologise for interrupting the Minister. I said to the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) a few minutes ago that he was making an excessive noise—*[Interruption.]* That was my best effort at the pronunciation of his important constituency. However, my remonstrance extends more widely. The debate has been notably scratchy, and it needs to calm down a bit from now on.

Justine Greening: Thank you, Mr Speaker.

The Government are taking steps to help the poorest and most vulnerable in our society. From April this year, we are raising the income tax personal threshold by £1,000, taking nearly 900,000 of the lowest-income workers in our country out of tax altogether.

Robert Halfon: Will the Minister give way?

Justine Greening: I shall make a bit more progress, because I want to talk about the Labour party's so-called fuel duty proposals, which are of course VAT proposals.

We are increasing child tax credits above the rate of inflation, giving lower-earning families an extra £210 over the next two years. Of course, poorer families will still receive more in child credits than they received under the previous Government, and, as I said, lower earners will be better off as a result of this Government's changes to the personal allowance.

Caroline Lucas: Will the Minister explain how it is compatible for a Government who claim to be the greenest ever to duck this opportunity to introduce a shift to green taxation—in other words, to keep the fuel duty escalator but to reduce other taxes accordingly?

Justine Greening: The hon. Lady's point is about how to strike the balance between achieving environmental change and managing to raise revenues for the Exchequer to fund public services, which I am sure she agrees need the right level of funding. I think we have got the balance right in our approach to fuel duty and VAT on fuel. The challenge is that if we do not go ahead with the previous Government's increases, we could fundamentally damage our ability to tackle the deficit. This Government are constrained purely because of the terrible financial situation that the previous Labour Government handed over to us.

Several hon. Members *rose*—

Justine Greening: If I may I shall make a little progress, mindful of what Mr Speaker said about ensuring that hon. Members get a chance to have their say after the opening speeches.

One of the many things that this Government are doing to help people in Britain—it is the last one I will mention—is changing the state pension. The shadow Chancellor knows all about that, because he was chief economic adviser to the Chancellor who later became Prime Minister in the previous Government when he proposed increasing pensions by 75p. Many thought at the time that that was a real slap in the face for pensioners.

This Government have gone further than the previous one ever did. We have already introduced proposals to re-establish the earnings link, and introduced the triple-lock guarantee, so that each and every year the basic state pension will increase by the greater: earnings, prices or 2.5%. Of course, when things improve—when inflation comes back down below 2%, which is the Bank of England's aim, and when the economy recovers from the years of Labour's irresponsibility—those in retirement will still have higher pensions, poorer families will still receive more in tax credits, and lower earners will still be better off as a result of our changes to personal allowances. Those are real, credible, long-term policies that will stand the test of time, not half-baked initiatives conjured up over a weekend that do not last even the course of a single debate.

That brings me on quite nicely to the impact of the rising cost of fuels. Opposition Members know all about that, because as we have heard, the previous Government increased fuel duty four times in their last 16 months in office.

Robert Halfon: Is my hon. Friend aware that the previous Government planned six future fuel price increases, even though they knew the state of the economy?

Justine Greening: Absolutely. They left many tax bombshells, but perhaps that pre-planned tax increase was the tax road mine. There was a pre-planned additional per pence increase on fuel and a pre-planned year-on-year RPI increase—the so-called escalator. Ironically and utterly bizarrely, we are today debating a Labour motion that goes against the policy introduced by the previous Labour Government.

Richard Graham (Gloucester) (Con): Given that I and several Conservative Members were not in the House for Labour's last Budget, will the Minister confirm whether the hon. Member for Wallasey (Ms Eagle) and her colleagues on the Opposition Front Bench voted for the seven increases in fuel duty proposed by the Chancellor at that time?

Justine Greening: I do not know exactly how they voted, but the previous Labour Government consistently increased fuel duty on motorists, taking no account of whether that was affordable.

Mr Russell Brown: I thank the hon. Lady for giving way—at the end of the day, she is a fair person. She talks about the increases imposed by the previous Labour Government, but she must also recognise that on 11 occasions over a nine-year period, they saw fit to suspend or abandon any proposed increases simply because of the rising price of fuel. I sincerely hope that she and her colleagues remember that in the light of the motion.

Justine Greening: The hon. Gentleman is talking about postponements, because those fuel duty increases eventually came through. That is one reason why in their final months in office—from December 2008 to April 2010—the previous Government increased fuel duty no fewer than four times.

Over the weekend, the shadow Chancellor confidently proposed cutting VAT on fuel.

Sammy Wilson (East Antrim) (DUP): The Minister quite rightly highlights in her amendment the previous Government's fuel duty increases, but the motion recognises that people are feeling pain now, and holds out the hope that the Government will do something about fuel duty. Rather than talk about what the previous Government did, will she tell us what she intends to do to alleviate the hardship for people in places such as Northern Ireland?

Justine Greening: I shall not pre-empt next week's Budget, but the hon. Gentleman knows that both parties in the coalition Government spoke in opposition about the effect of fuel duty on motorists. Conservatives spoke in opposition about how the oil price fed through into fuel prices at the pump, and Liberal Democrats talked about the impact of fuel prices on people living in remote rural areas. The coalition Government are now looking at how to tackle both those problems, but I cannot pre-empt the Budget.

Ms Angela Eagle: Will the Minister now admit that although before the election the Conservatives said they would reduce fuel by 10p a litre if petrol prices were high, they have actually increased fuel duty twice—once in October and once in January—since getting into power?

Justine Greening: Listening to the Opposition is stunning. The outgoing Chief Secretary's message to the incoming Government was that there was no money left. Worse than that, the previous Government had pre-planned increases, which were due to come in now, as the hon. Lady just pointed out. The bottom line is that it is outrageous for the Labour party to cry crocodile tears about tax increases that it had planned—it is disingenuous in the extreme, and shows that it has no credibility and no leadership on the issues that matter to people, such as motoring, which we are debating today. The audacity of the motion is stunning.

Let me turn—as I was about to—to the Opposition's proposal to cut VAT on fuel. *[Interruption.]* The shadow Chancellor is hectoring from a sedentary position, and I think the reason is that he is worried that we are about to talk about his policy—a policy that unravelled within hours of his announcing it. He has come late to the debate on motoring. Obviously he spent many years being driven around in a Government car that the taxpayer paid for. I understand that it was reported in the papers that he used to use it for journeys of just 100 yards. Perhaps he was not aware at that point of how much it cost people to fill up their cars, but perhaps he knows now, and perhaps that is why he has suddenly realised that this is an issue, as we did in opposition. He has come to this debate late, but his policy-making suggestions are, to put it bluntly, illegal under EU law.

It is quite an achievement to make a proposal along those lines. As I said to my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti), the shadow Chancellor is quite wrong to say that we can reverse the VAT rise on fuel, because doing so would be illegal under the EU VAT directive. However, if the right hon. Gentleman thinks that the UK operates under a different VAT directive, perhaps he would like to intervene on me right now. *[Interruption.]* I think we have established that there is only one EU VAT directive, and his proposal is illegal under that directive. The other big flaw in his argument—*[Interruption.]* Does he want to intervene?

Ed Balls (Morley and Outwood) (Lab/Co-op) *rose—*

Hon. Members: Hooray!

Ed Balls: When we have only one reduced rate, but Italy, France and Poland have three reduced rates, and when the French President secured a VAT rate cut for French restaurants, is the hon. Lady really saying that she is going to hide behind European law and fail to stand up for the British motorist? Is that really what she is saying?

Justine Greening: There is only one party failing to stand up for the British motorist, and it is the Labour party. Let me outline precisely why France was able to get a reduced VAT rate on—

Ed Balls *rose—*

Justine Greening: There is no point the right hon. Gentleman asking a question and then getting excited about the fact that I might answer it.

Ed Balls *rose—*

Justine Greening: If the right hon. Gentleman just calms down for a second, I will answer him; if he then wants to intervene on me, he can do so. However, if he is that desperate to get in on this debate, perhaps he should have opened it instead of his hon. Friend the Member for Wallasey (Ms Eagle).

The right hon. Gentleman is right to point out that across Europe different products have different VAT rates. Some are exempt from VAT, some have a zero rate, some have a reduced rate and some have a standard rate. Indeed, he should be well aware of that because he was an economic adviser at the Treasury the last time the negotiations that he referred to started. In fact, they took six years. He mentioned President Sarkozy's determination to secure a reduced VAT rate for restaurants, which is indeed what he did. However, in that renegotiation of the rules governing which products would be in which categories and which would no longer have standard VAT rates, I am not aware of the UK Government at any stage pressing for anything other than the standard rate to apply to road fuel. Perhaps the right hon. Gentleman can confirm that: yes or no?

Ed Balls: At no point did we apply for a special reduced VAT rate for road fuel, and the reason was that we never raised VAT on fuel. The people who have raised VAT are this Government. Can the Minister confirm that it is entirely in her gift and that of the Chancellor, who is not here, and the Chief Secretary, who has not turned up either, to apply for a derogation to reverse their mistaken increase in VAT? They have not done so and will not, but they could if they wanted to stand up for the British motorist.

Justine Greening: I do not think the right hon. Gentleman even believes that himself. The bottom line is that he wants—*[Interruption.]* The shadow Chief Secretary says that we need to take action now, but he wants us to embark on a process that took six to seven years the last time it happened. How is that taking action now?

Let me tell the House on which items the rate was changed. Here are a few of the products and services to which a reduced VAT rate is now applied in other countries:

"minor repairing of bicycles, shoes and leather goods, clothing and household linen".

Window cleaning was also one, and hairdressing was another. The Government at that time—a Government of whom the right hon. Member for Morley and Outwood (Ed Balls) was part—did not seek to add road fuel to that list. He says that that was because the previous Government never raised VAT on fuel. That is not strictly true, of course: they reduced it, but then put it back up again, as we have heard. The other reason was that, year on year—and, in the final stages, month on month—they were consistently raising fuel duty, so they had no need to use VAT as a tool. They were getting plenty of additional tax from the motorist.

Mr Aidan Burley (Cannock Chase) (Con): The last Government might not have increased VAT, but they certainly increased fuel duty. When Labour came to power in '97, duty on unleaded petrol was 36p a litre; when the last Government left office in 2010, it had risen to 57.9p a litre. Does my hon. Friend think that Labour Members should take some responsibility for increasing fuel duty by more than 20%?

Justine Greening: Of course they should, but as so often they never do, unfortunately.

Mr Russell Brown: Will the hon. Lady give way?

Justine Greening: I will give way one more time, but then I really must make some progress so that other Members can have their say.

Mr Brown: I am indebted to the hon. Lady, but may I just put the record straight? When Labour came to power in 1997, the duty and tax left by the previous Conservative Government accounted for 74%; when we left office, duty and tax accounted for 65%.

Justine Greening: And a huge fiscal deficit and debt to boot, so we will take no lectures from the Labour party. Perhaps the hon. Gentleman can discuss with the shadow Chancellor how he thinks the huge deficit that his party left our country—it costs us £120 million a day to service our debt interest—should be addressed. The elephant in the room, which we have not talked about so far today because it is not in the Opposition's motion, is how they would tackle the deficit. The answer is that they would not tackle it, which is why it is so lucky that Labour is not in government at the moment.

Geraint Davies (Swansea West) (Lab/Co-op) *rose—*

Ms Angela Eagle *rose—*

Sheila Gilmore (Edinburgh East) (Lab) *rose—*

Justine Greening: I will not give way to any more Opposition Members, and I will tell the House exactly why. This is not the first time that there has been an opportunity to debate fuel duty rises: last month a Conservative MP had a debate in Westminster Hall. The reason the Opposition have now gone quiet is that they probably did not know that that debate was due to take place, but if they did, it is even more disgraceful. How many Opposition Members turned up to participate in that debate and represent their constituents?

Mr Reid: None.

Justine Greening: Absolutely none, so all this is nothing more than political opportunism in advance of the Budget, and it is incredibly poor quality opportunism too, because the Opposition have made a proposal that is impossible to implement and is utterly flawed in every respect.

Ed Balls: Will the hon. Lady give way?

Justine Greening: No, sorry.

The other reason why the Opposition's proposal is flawed is that they say in their motion that they would pay for the proposal with receipts from the bank levy. The first thing to say about that is that we introduced a bank levy—something that Labour never managed to do—but, secondly, we brought forward the rate at which it would fully kick in early, because the banks were doing better and therefore could afford it. The money is a one-off additional revenue stream that we are getting a year earlier, but the Opposition are so economically

[Justine Greening]

illiterate that they want to use it to fund a long-term, permanent tax reduction on fuel. Looking at their faces, I do not think they necessarily realise that yet, so as well as their proposal being illegal, their figures do not add up.

To finalise my comments, it is only this Government who are serious about helping British motorists. We tasked the Office for Budget Responsibility with investigating the impact of oil price fluctuations on the economy and we are actively considering proposals for a fair fuel stabiliser.

Ed Balls: Will the hon. Lady give way?

Justine Greening: No, I will not.

Motorists deserve better than a VAT proposal on fuel that everyone knows is completely unrealistic and unworkable. It is disingenuous of the Opposition to suggest it, and it is unaffordable, given the economic mess that we inherited. They want a derogation that would be unsuccessful and take six to seven years to implement. We are talking about taking action to tackle the cost of living now. That is the choice facing the House today. At the end of the day, we all know that this motion is just a smokescreen, and that the Opposition have no plans whatever to tackle the deficit. Yet again, they have missed a chance to be credible on the economy. Yet again, they have failed to show any leadership on their solutions to the big problems facing Britain today. I sincerely hope that the House will vote against their motion, because it is one of the lowest-quality and most disingenuous motions that we have debated on the Floor of the House recently.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Members will see that this is a popular debate, and there is a six-minute limit on Back-Bench speeches, with the usual injury time for two interventions.

1.50 pm

Fiona O'Donnell (East Lothian) (Lab): I am genuinely grateful for the opportunity to speak in this debate. The increase in VAT has been a matter of great concern to my constituents and I am unashamedly going to concentrate on how it is affecting them.

Barbara Keeley (Worsley and Eccles South) (Lab): I thank my hon. Friend for giving way, as the Minister did not. The Minister talked about living in the real world, but I am sure that we on the Opposition Benches know more about that than she does. I am sure that my hon. Friend's constituents will be struggling with the £450 a year increase—

Justine Greening: On a point of order, Mr Deputy Speaker. The hon. Lady has just made an accusation about what I do or do not know about living in the real world. That goes beyond what I think is a personal comment. She has no understanding of what I do or do not understand. I can assure her that I get on the District line every day to come into work and I know exactly what is going on in the real world. I only wish that the Opposition did.

Mr Deputy Speaker (Mr Nigel Evans): That is a point for the debate, not a point for the Chair.

Fiona O'Donnell: Thank you, Mr Deputy Speaker. I am obviously going to have to treat the Minister with kid gloves as she is so sensitive.

East Lothian is a largely rural constituency made up of small gatherings of communities that rely heavily on the use of their cars. I suspect that the hundreds of e-mails that I have received over the past few weeks will now be followed by hundreds more, as my constituents will be bitterly disappointed by the Minister's utterly sterile contribution to the debate.

Charlie Elphicke: Will the hon. Lady give way?

Fiona O'Donnell: Not at this stage.

The e-mails that I have received have not been the standard campaign e-mails that many of us find in our inboxes every day. I have been genuinely moved and angered by the stories that they have told. They have been from motorists, some of them older people living on pensions, people surviving on disability living allowance—Lord knows, they have enough to worry about under this Government—or people stuck on fixed incomes. This rise in the cost of fuel is hitting them hard.

I have also had e-mails from employers in my constituency. East Lothian relies heavily on small employers, but they are struggling. Two have already told me that their businesses will close this month, and that is bad news for East Lothian and for my constituents. We are promised that we will have a Budget for growth next week, but in East Lothian, the Government's policy is not working; it is going in the opposite direction.

Mr Reid: Like the hon. Lady, I represent a rural constituency and, like her, I agree that we need action on fuel prices now. However, we need action in the Budget next week, not in the six years it would take for this Labour motion to be implemented.

Fiona O'Donnell: I am sure that all my constituents will feel so much better after hearing that intervention. They do not want to hear the hon. Gentleman's political point scoring and opportunism; they want to hear what the Government are going to do for hard-working families, for pensioners and for those with disabilities in my constituency.

I have had e-mails from people who have lost their jobs. People living in East Lothian need to be able to keep their cars on the road in order to access the services that will help them get back into work, to turn up for job interviews and to get out there to find and keep a job. I have also had e-mails from people who have been struggling throughout the past few years. I am going to admit that, for those on fixed incomes, times have been difficult, but the message is now clear that, under this Government, they are getting tougher.

I am also going to be unusually generous and congratulate the Tory party on a splendid result in the general election in East Lothian, where it moved up to second

place. The Scottish National party—I see that its Members have now deserted us—moved down to fourth. Before the Tories get too excited, however, I should point out that that result involved a 0% swing from Labour. Many of the people who have contacted me voted for the Tories at the election, and I am representing them today without fear or favour. They want to know when the Government are going to deliver for them. If the Government will not listen to me or to those on our Front Bench, I urge them to listen to my constituents.

I know that the first questions that my constituents would want me to ask today are, "Where is the Chief Secretary to the Treasury?" and "Where is the Chancellor of the Exchequer?" They will be insulted that the Chancellor and the Chief Secretary have not had the guts to turn up and take part in this debate and to answer my constituents' questions. I have something of interest to tell the House. I went to the same school as the Chief Secretary to the Treasury. The right hon. Member for Ross, Skye and Lochaber (Mr Kennedy) also went to that school, and he has remarked to me, "That's now one of us from each of the political parties." I am particularly disappointed that the Chief Secretary to the Treasury, who represents a rural constituency, does not see the impact that the increase in fuel prices is having.

I try hard not to be judgmental about the Conservatives, and I try hard not to make the kind of comments that the Minister finds so harsh. But when they talk about the tough choices that they face in government, I have no sympathy for them. I am sick and tired of hearing them talk about that. Being in government and having a chance to reach out to families in East Lothian is not what is tough in life; what is tough for people is working out how they are going to fill up their car at the Co-op in Tranent next weekend in order to keep their family on the road. That is what is tough.

Mr Speaker rightly criticised the hon. Member for Burnley (Gordon Birtwistle) for bringing an electronic device into the Chamber. I presume that the hon. Gentleman has been running around for the past half hour trying to find a printer somewhere on the estate. I have gone to the trouble of printing off a couple of the representations that I have received from my constituents, and I should like to read them out to the House. One comes from Alec Flynn in Tranent, who says of the fuel price rise:

> "We are a small family road haulage business...and we would like your support to fight the price the government plan to put on in the budget".

I want the Minister to address Alec Flynn's concerns, and to stop moaning about tough choices.

Justine Greening: Many hauliers can recover VAT, and I do not think that the Opposition's proposal on VAT would provide the help that she is seeking to provide for them.

Fiona O'Donnell: Perhaps I have some responsibility here. I have not formally congratulated the Government on winning the general election, so perhaps it is my fault that they have not grasped the fact that they are now in government. They are in a position to change their minds, to lower the VAT rate on fuel and to make a difference to Mr Flynn and to ensure that the people he employs continue to have jobs. I suspect that Mr Flynn will remain disappointed, however. We were certainly not planning to increase VAT or to make life even more difficult for people.

Charlie Elphicke: Will the hon. Lady give way?

Fiona O'Donnell: No thank you.

Then there is the case of Mary Johnston from Haddington, who said:

> "My husband and I are senior citizens. We live in a farm cottage 2.5 miles outside Haddington".

Let me summarise by saying that the rising costs of motoring are making it virtually impossible for them to leave their house. I hope that at some point during this debate we will hear some words of comfort from a Government who have let down my constituency.

2 pm

Mr Robin Walker (Worcester) (Con): I will be brief, as I know many other Members want to speak in this short debate.

I am glad that the Opposition have chosen the subject of fuel prices, as it is an issue that affects all our constituents and MPs of all parties have already urged the Government to take action. I have signed cross-party early-day motions 1252 and 1241, which call for progress on a fair fuel stabiliser. Along with colleagues of all parties, I have also supported the Federation of Small Businesses in its campaigns. There is a great deal of ground for cross-party consensus on this issue. We all recognise that the cost of living is rising and that fuel prices play an important part in it. We all recognise that the soaring costs of petrol and diesel have knock-on effects on the price of everything—from food and clothing and the cost of getting to work to the cost of educating children.

Mr Chuka Umunna (Streatham) (Lab): The hon. Gentleman is right to refer to the rising cost of living. The big difference between now and a few months ago is, in many ways, the rate of inflation. The Governor of the Bank of England has been clear that he has no way of further loosening monetary policy right now. The talk before Christmas was about such further loosening, perhaps with a further round of quantitative easing. That is clearly no longer an option, which means that the only option is to alter fiscal policy, yet we have heard not a single word from the Minister to suggest that there will be any change in fiscal policy. Does the hon. Gentleman believe that the Government are right to sit on their hands when they are in a position to act to relieve the burden on people like my constituents?

Mr Walker: I thank the hon. Gentleman for that long intervention, but we are likely to hear what action the Government are planning in the Budget next week, which I would not want to pre-empt at this stage, so I shall continue with my argument.

There would be no disagreement about the underlying premise of today's motion—that fuel prices drive up the cost of living. We can legitimately debate the action that Governments are able to take. Like many other Members, I believe the Government should take action on fuel prices by introducing a fair fuel stabiliser and by looking at whether they can put off any increase in fuel duty

[Mr Robin Walker]

suggested under the last Government's escalator policy. It is vital to take into account the real impact on the cost of living but, perhaps even more importantly, the cost to the economy of the rising price of petrol at the pumps.

In fact, having read the detailed response of the Office for Budget Responsibility to the Government's initial suggestion of a fair fuel stabiliser, I believe that it strongly makes the case for intervention in the fuel price. What the OBR showed was that, contrary to the belief that Government revenues rise as a result of higher fuel prices, the depressing effect on the economy, output and therefore tax receipts, along with the impact on inflation, mean that in the long term, Government net revenues are hurt by higher prices. While that might make more challenging the worthy aim of coming up with a revenue-neutral stabiliser, it clearly shows that success in limiting fuel price rises will bring long-term dividends to Government in terms of tax receipts and lower inflation. The real lesson of the OBR's report is that the Government need to act on fuel prices, through the fuel duty, to avoid a substantial loss of revenue through economic growth. I am confident that that lesson will be taken into account when we receive next week's Budget—a Budget for growth in the UK.

I know that the Government have already promised action in remote and rural areas, which I welcome, but I represent an urban constituency that has also been badly affected by rising prices, so I want to remind the Government of the need for action everywhere. As a county town, Worcester's economy is affected by high fuel prices in rural areas, but our city suffers from higher prices than many other urban areas around it.

My constituents have often pointed out that there is a substantial differential of around 5p a litre between prices in Worcester and prices in Gloucester or Birmingham, just a short drive away. Driving as regularly as I do between Westminster and Worcester in my small diesel car, I feel this price differential very directly and often find it is as cheap to fill up at a motorway service station as it would be in my own constituency. The website petrolprices.com quotes prices as high as £1.45 a litre of diesel in Worcester today compared with an average of £1.39 in Gloucester just 28 miles away or £1.38 in Birmingham. I therefore urge Ministers to look into the differential pricing around the country, whereby some areas, whether urban or rural, pay much more for their fuel, and to assess what can be done to address the problem.

I certainly accept that people in rural areas have greater need for their cars, but I urge Ministers to accept that action on fuel prices across the board will benefit the whole economy. We have seen in previous fuel crises that when fuel prices spike, economic growth slows down, both globally and domestically.

I therefore support taking action on the cost of fuel, but I do not support this Opposition motion, which I believe is poorly targeted and opportunistic. It hits the wrong target in focusing on the impact of VAT and only touching lightly on the far more significant issue of fuel duty. Perhaps that is because the Labour party did so much to encourage the escalation of fuel duty when it was in power. As the Government amendment points out, the Labour Government planned for six consecutive fuel duty rises up to 2014 on top of the 12 increases they made when they were in power. It is fair to say that those increases, like the introduction of the fuel duty escalator under the Conservatives, were made in a different environment from today's, when the uncertainty in the middle east is adding to the upward pressure on prices. There has been no indication, however, that Labour has shifted from its ideological attachment to ever-higher duties on fuel, which rose from 36p to nearly 58p when they were in government, with Labour Members boasting that they left the duty intact at 65% of the cost of fuel at the end of their term.

It is cynical and opportunistic for a party whose last Chancellor laid the groundwork for the increase in VAT to be lashing out at its implementation, and it is beyond the bounds of belief that Labour Members should want to earmark all the proceeds of a bank levy they failed to make on to a rebate they know they could not have given—even if they had been in power. It is even more astonishing, when they have already suggested other plans to spend this levy many times over through opposing changes to child benefit, that they suggest funding more capital spending and reversing changes to tax credits. The Opposition motion has no credibility on this very important issue.

I urge the Government to act on fuel prices, but I urge them to do so through a fair fuel stabiliser on which there is a broad political consensus, and through looking at the broader case for changes in fuel duty to reflect the economic circumstances of today.

2.6 pm

Ian Murray (Edinburgh South) (Lab): It is a pleasure to follow the hon. Member for Worcester (Mr Walker), who talked about disingenuous and spurious policies. I am sure it was disingenuous to promise not to increase VAT before the general election and then to increase it immediately after it. There is nothing more disingenuous than lying to the electorate.

I would like to follow my hon. Friend the Member for East Lothian (Fiona O'Donnell) in talking about some of the personal stories that have been brought to my attention and which relate to the Opposition motion.

Andrew Bingham (High Peak) (Con) *rose—*

Ian Murray: I would like to make some progress.

My constituents wrote to ask me to bring their stories to the House and put them directly to the Chancellor and the Chief Secretary to the Treasury, so I am disappointed that neither of them is in their place. It shows a real disregard for this place when those two senior Ministers are not present to debate such an important issue. Of course the two Ministers on the Treasury Bench are among my favourites, but it would have been nice for my constituents to have had a response directly from the horse's mouth.

Let us examine what fuel price rises are doing to the cost of living. I shall start with the case of a constituent in Edinburgh South who runs a small business. Let us look at what these particular fuel increases are doing to growth in the economy; in so doing, I shall echo some of the points made by the hon. Member for Worcester. My constituent runs a business in the service sector, so she uses a lot of suppliers. However, suppliers' price

increases are going through the roof, mainly because of additional fuel costs. She told me that some of her suppliers were charging as much as an additional £5 per delivery to cover their own increased fuel charges. My constituent faces a dilemma of what to do about that £5 increase. Should she pass it on to her customers? She finds doing so difficult. Why? Her problem is compounded by the fact that VAT has increased from 17.5% to 20%, which has also impacted directly on prices to her customers.

Barbara Keeley: My hon. Friend makes the important point that this debate is about the cost of living, as well as about fuel prices. He also rightly raises the problem faced by businesses in deciding whether to pass the increases on to their customers. My constituents live in one of the 15 most deprived areas in the country. They have an appalling bus service after the network was privatised by the Conservatives. People in that situation, like my hon. Friend's constituents, will suffer both from increased costs from fuel charges and from having to pay £450 a year in increased VAT. Does he agree that our constituents are suffering heinously from that?

Ian Murray: Of course. The poorest suffer disproportionately because they have to use public transport and face the increased costs, while also having to pay more in VAT for all the supplies they buy. Prices are going up because small business issues, such as the one I am highlighting from my constituency, further compound the problem. I noticed that the Economic Secretary was upset when my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) suggested that she did not live in the real world, but we are talking about what is happening in the real world and I do not think that the Minister's 40-minute contribution dealt with any of the real issues for our constituents that are happening at the coal face.

The owner of the small business that I mentioned is faced with a dilemma, but it seems that she must increase prices at a time when consumer confidence is at its lowest. People are worried about their jobs, they are worried about prices going through the roof, they are worried about commodity prices, and they are worried about how they are to fill up the family car. It is a quadruple whammy for businesses, which, as I have explained, face increased core costs as well as increased supplier costs, increased prices owing to the VAT rise, and increased borrowing costs. All that is creating unstable consumer demand, which, I am told by small firms in my constituency, is depressing their businesses.

On Friday I was visited by someone who works as a middle manager at Her Majesty's Revenue and Customs. He has two small children, he is not a high earner by any means, and he and his wife live in my constituency. He described to me plainly how he has been affected by what the Government have done in the past 10 months. It is clear that he is being squeezed from all angles because of this Government, and fuel and the cost of living are part of that. Let me go through the list. He faces increased national insurance contributions, the increase in VAT to 20%, and the fact that his pension will be linked to the consumer prices index rather than the retail prices index, along with the additional pension contributions that he must make. He faces tuition fees for his children, he has lost his child benefit because he is the sole earner in the relevant bracket, and he faces record commodity prices.

Mr Graham Stuart (Beverley and Holderness) (Con): The hon. Gentleman is making a powerful speech about the impact of high fuel prices on his constituents and mine. Like him, I should like to see action from the Government, but will he tell us what he would do to secure the reduction in the deficit to which all the tax rises are contributing? I understand that, because of the legacy of the last Government, the present Government's net debt will rise in every year of the current Parliament—that, in the final year of this Parliament, we shall still be borrowing more money because of the deficit left to us by the last Government. We should love to be given some idea of how, in the real world, we could both make the savings and deliver the benefit.

Ian Murray: I am delighted that the hon. Gentleman has managed to ingrain himself with the propaganda being put out by the Conservative and Liberal Democrat parties about the deficit. He has given me a wonderful opportunity to go back to the start of that list so that he can take it all in.

There is no doubt that the Government's cuts in public services are going too far, too fast and too deep. Everyone knows that the deficit must be reduced, but reducing it over time would protect my constituents from the ideological cuts that the Government are introducing under the veil of the deficit.

Let me return to what is happening to that squeezed middle manager at HMRC. He faces increased national insurance contributions and an increase in VAT to 20%. His pension will be cut because it will be linked to CPI instead of RPI. He faces tuition fees for his two children. He has lost his child benefit because he is a higher-rate taxpayer, and record commodity prices are pushing up food prices. He faces a high inflation rate, partly owing to the increase in VAT to 20%. His salary has been frozen. He has job insecurity. He faces increased energy prices, increased borrowing costs and lower interest on his savings, all because of this Government. Moreover—this brings us back to the motion—the price of fuel means that the cost of filling up the family car has gone through the roof. The Chancellor of the Exchequer is taking an extra £59 million from the Scottish people because of the increase in VAT, which is directly related to the cost of the fuel that they put in their cars.

Mr MacNeil: Will the hon. Gentleman give way?

Ian Murray: I will not, if the hon. Gentleman does not mind.

Each time people drive down the street, they see the large neon sign at every petrol station, and that is having yet another damaging effect on consumer confidence.

What are we left with? We are left with a broken promise from the Government on VAT, and a broken promise on the fuel duty stabiliser. Many people in East Lothian and Edinburgh South voted for the Conservatives because they had made that promise before the election. Time after time, promises made to ordinary people in my constituency and throughout the country are broken, and it is about time that Ministers did something about it.

2.14 pm

Nigel Mills (Amber Valley) (Con): It is a pleasure to be invited to speak in the debate, and a pleasure to follow the hon. Member for Edinburgh South (Ian Murray),

[Nigel Mills]

who made a passionate if somewhat partisan speech. The Opposition's problem is that out there in the country no one believes a word that they say about this topic. We all know of their record during 13 years of government, but, just in case a reminder is needed, let me point out that when they took office in 1997 the price of a litre of unleaded petrol was about 56p, which included 43p of duty and VAT. When they left office nearly a year ago, the price was about £1.20 a litre, including tax amounting to about 75p. We hear talk of fuel duty rising "ahead of inflation" or "in real terms", but if the price of petrol had risen in line with RPI throughout Labour's term of office, it would have been 80p a litre at the last election rather than £1.20. That is the hike that we have all had to suffer.

As the contents of my inbox make very plain, fuel price rises are a real problem for people and businesses throughout my constituency. In many areas people have no alternative to driving a car if they want to go to work, but the fuel price rises are preventing them from being able to afford to go to work—let alone the damage that they are doing to all manner of small businesses all over the constituency. The Government must take action in next week's Budget.

Andrew Bingham: As a fellow Derbyshire Member, I agree with everything that my hon. Friend is saying. Does not the rural character of both his constituency and mine, High Peak, exacerbate the pressures and difficulties experienced by small businesses, in particular?

Nigel Mills: I am grateful for that intervention from a fellow Derbyshire Member, and I entirely agree with him.

The hon. Member for Bassetlaw (John Mann), who is no longer in the Chamber, said that all Governments had chosen to increase fuel duty over the years. We must accept that it was our Government who, nearly 20 years ago, introduced the fuel duty escalator, but the aim then was to encourage people to improve their behaviour by driving smaller and more fuel-efficient cars and considering alternative means of transport. I think we can tell the Government that we have all got that message. Many of us have started using diesel and have bought cars with smaller engines in an attempt to cut our spending on fuel. I know that many of my constituents have done that. However, the scope for such measures is limited, as many people still cannot afford to drive a car. If the nudge is the order of the day, I think that we have got the message and do not need any more nudging.

Fiona O'Donnell: I can tell the hon. Gentleman that we too have got the message from the Government, who claim that they want to make work pay. Does the hon. Gentleman accept that for many working people, fuel price increases mean that work is not paying?

Nigel Mills: I am grateful for that intervention—I think. The cost incurred in driving to and from work is clearly a factor when people are deciding whether work pays, which is why the increase planned for 1 April really should not go ahead.

Let me return to the topic of nudging. I think we all accept that tax can influence behaviour, and that if we further increase the tax on driving we will see the changes in behaviour that we would expect. People will drive to work less, and businesses will not be able to survive, prosper and grow because they will not be able to cope with the increased cost base. We can all cite small haulage businesses in our constituencies that are struggling to deal with the duty rise. As has been pointed out, reversing the VAT rise will not help those businesses at all; it is the level of duty that we need to consider. If the Government want to find another way of raising some revenue from the haulage industry to help compensate for the loss of fuel duty, I urge them to accelerate their plan to charge foreign road hauliers for using our roads.

Julie Hilling (Bolton West) (Lab): Will the hon. Gentleman give way?

Nigel Mills: I am afraid that I have already given way twice.

There is anecdotal evidence that foreign hauliers drive into our country with full tanks of petrol, which in many instances means that they can do all their work here without paying any fuel duty. We are making our haulage industry uncompetitive through the prices that we are charging hauliers to buy diesel in this country and the road taxes that they have to pay. Meanwhile, we are not charging foreign hauliers anything to use our roads. Let us collect that revenue as soon as possible, and use it to help support our own small businesses.

We have heard that, according to the review by the Office for Budget Responsibility, rising prices do not necessarily generate rising tax revenues. As was demonstrated by my hon. Friend the Member for Worcester (Mr Walker), that is because of the damage that increasing fuel prices do to the overall health of the economy, which depresses tax revenues. The Government are looking for tax cuts to try to enhance growth. We have plans to reduce corporation tax, but we should consider the damage that fuel tax rises do to growth. There must be some scope for a reduction in fuel tax. Even if it were not revenue-neutral, it might make a positive contribution to the growth that we need if we are to tackle the deficit.

I cannot support this Labour motion. The fact is that we could not reverse the impact of the VAT rise, because that would be illegal. Even if we could try, it might take six years. I urge the Front-Bench team, and the Chancellor when he delivers his Budget next week, not to go ahead with that planned fuel rise. We need some sort of fuel duty balance, to try to ensure that the shock of oil price rises does not do the real, serious and predictable damage to our economy that it could, and we must also bear in mind that if the middle east situation worsens, the shock could become much more severe than at present. We could be faced with the real damage to jobs that those significant price hikes could do.

2.20 pm

Alex Cunningham (Stockton North) (Lab): Many Members have concentrated on prices at the pump, but there are much wider issues to do with fuel in general and the cost of living, and I want to focus on fuel poverty, which has an immense impact on family life. It is an issue that is close to my heart.

According to the House of Commons Library, between 1996 and 2004 the number of households in fuel poverty fell from 6.5 million to less than 2 million, largely due to the measures put in place by successive Labour Governments. Now, in the face of massive increases in energy prices, the number of households in fuel poverty is estimated to be 5.5 million, or more than one in five households

Petrol price rises add to poverty. That is a new type of fuel poverty—if any fuel-poor households can actually afford a car. Domestic fuel prices fell by 17% in real terms between 1996 and 2003, but then increased by a massive 74% in the following six years. Those dependent on oil have suffered particularly badly, especially those who need oil to heat their homes. Our motorists have also suffered as prices have increased. The average standard credit gas bill for a typical consumer in 2010 was £683, which is 80% above the 2001 low in real terms. In 2009 the electricity bill for a typical consumer was £440, almost 50% above the 2003 price.

I know that energy companies do much to promote energy efficiency—mostly financed through a levy on their customers' bills, I believe—but they, and the Government for that matter, need to do much more. There are several good reasons to do so. More than three out of four of the poorest 10% of households in England were in fuel poverty in 2008; I do not think they can afford a car, in fact. That means that the poor are getting poorer as prices increase way beyond the inflation rate, and inflation is already far too high under this Tory-led Government.

In 2008 more than half a million households needed to spend more than 20% of their income on energy to maintain a satisfactory heating regime. They are those in so-called extreme fuel poverty. Under Labour's decent homes programme, 750,000 social homes had insulation works and 900,000 had new central heating systems. Warm Front assisted vulnerable people in more than 1.7 million homes, and large numbers of rented homes were improved under Warm Zones, Warm Wales and other initiatives. Now we need to see clear, comprehensive and well-funded initiatives from the Tory-led Government to deal with fuel poverty, because as they squeeze wages, raise taxes—such as those on fuel—cut benefits and hit our people's pockets in so many other ways, more people will fall back into the group who will see 10% or more of their money disappear on just buying fuel.

This month the Government have announced that they have appointed a fuel poverty tsar, Professor John Hills. I hope that is not just a publicity stunt, as much more needs to be done to address this issue. His independent review will redefine and measure fuel poverty. I hope that does not mean we just change the numbers, and lift many out of fuel poverty by simply changing the way the numbers are added up. It does not matter what the numbers say: if people cannot afford to heat their home or put fuel in their car tank because they have not got enough money, they are still cold and still poor. I hope there will be no dragging of feet on that.

One area in which we may see some recommendations is the need to ensure that privately rented accommodation is properly insulated—and again, we can do that without waiting. Some of our poorest people live in privately rented property, where many landlords are happy just to pick up the rent without investing as they ought to. I hope the Minister will do a bit of cross-Government thinking today, and tell us how this issue will be dealt with under their new plan to tackle fuel poverty.

There are other solutions, and the Energy Bill, which is currently in the other place and is due to come to the House of Commons, may help if sufficient capacity is built in to make things happen on a similar, or greater, scale than in recent years. It allows for the implementation of a green deal scheme from 2012, which will allow householders to install energy efficiency improvements without having to meet any of the up-front costs. Those will be met by energy companies and will be paid back over a period of up to 25 years—but is that really the good news it is made out to be? We need to ensure that the financial environment in which such schemes are taken forward is the right one. Will potential changes to the feed-in tariff in respect of the installation of photovoltaic panels, for example, provide the right financial incentive to deliver that day-time free electricity for householders? We will need to wait and see, but the Government will miss a major opportunity if they mess about with the tariff and negate the incentive that investors and householders need.

I have concentrated on fuel poverty in terms of the household budget. This Tory-led Government are helping to create a new type of fuel poverty. Many people cannot afford to buy petrol or diesel, and that particularly affects the rural communities in my constituency, such as Stillington.

James Wharton (Stockton South) (Con): The hon. Gentleman speaks passionately on a subject about which I know he cares a great deal. He and I represent different halves of the same town, and we often disagree on political matters, but I suspect we share some common ground on this issue, in wanting to see the costs to our constituents brought down at every possible opportunity. Does he agree that if the Government could introduce a fair fuels stabiliser, that would be useful in allowing people who particularly need to be able to do so to plan their budgets and manage their money better, so that they could help themselves by planning their finances and avoiding the problems of poverty that, sadly, we so often see in the north-east?

Alex Cunningham: This is amazing, but I find myself in agreement with my colleague who represents the opposite side of the Stockton borough. Any measure that reduces costs for the people whom he and I represent has got to be important. That is particularly the case in places such as Stillington in my constituency, where people need to commute, often to low-paid jobs, and have limited public transport services. They are hit the hardest by the current economic policies.

I hope that the Government will see sense. I hope that they will avoid a fudge on the need for a comprehensive programme to tackle fuel poverty, and I hope that they will reverse the VAT increase at the pump, and introduce the fuel duty stabiliser—and maybe even keep a couple of the promises they made to our people during the election campaign.

2.27 pm

Stephen Williams (Bristol West) (LD): First, I want to strike a note of empathy with people both in my constituency and around the country who are struggling

[Stephen Williams]

with the spike in prices that we have all witnessed in recent months—and, indeed, the last couple of years. This morning, I asked those in my office to check the petrol prices at the garage nearest to my home in St Andrews in Bristol: the Texaco garage on Gloucester road. For the first time, prices in Bristol have risen above 140p. One of the most popular places to fill up in the city is Tesco in Eastville; my constituency neighbour, the hon. Member for Bristol East (Kerry McCarthy), will be familiar with it. Prices there are now 136.9p. Everywhere in the city of Bristol, prices are now above 130p, yet only a couple of years ago I remember being surprised when prices went through the £1 barrier.

In cities, there is competition: there is competition on the forecourts, and there are also alternatives on public transport. Many rural constituencies, such as those in the south-west, mid-Wales or, indeed, Scotland, cannot benefit from that price competition, however. My hon. Friend the Member for Argyll and Bute (Mr Reid) was present for the earlier part of the debate, but has had to leave to attend a Scottish Affairs Committee meeting. He told me that on the island of Colonsay in his constituency, the price of diesel is 163.3p, a full 23p higher than the price in my constituency.

We face a fourfold political challenge. We have to decide how to respond to the pressure on household budgets, how to make that response against a background of having to maintain the taxes and duties necessary to tackle the appalling fiscal legacy left us by the last Government, and how to continue to incentivise a switch to a lower-emissions and lower-carbon economy. Finally, we must consider the background of international factors, such as movements in the oil price and in exchange rates, which are effectively beyond our control. We have to respond to those factors and political challenges responsibly, not in the blatantly opportunist way set out in this motion.

Mr Graham Stuart: My constituents, like those in many rural areas, are not just suffering from the price of fuel at the pump. As they do not have gas at home but oil-fired central heating, the price of which has increased too, there is a double whammy of cost. There is therefore a strong moral case for making sure that the Government find ways to help the most vulnerable people in rural areas, despite the appalling legacy left, as my hon. Friend rightly says, by the Labour party.

Stephen Williams: My hon. Friend makes a powerful point about the price of heating oil, which many households in rural communities have no choice but to use.

The first challenge is how to respond to the pressures on household budgets that I was describing. The coalition Government have said that their priority is to ensure that as we make difficult decisions, the poorest and most vulnerable households are protected. We have already made progress on reducing income tax for the lowest-paid, and I look forward to further progress being made in the Budget. We have a triple lock in place for pensioner households and we are going to introduce work incentives in order to tackle worklessness, which is the major cause of poverty in our country.

However, we also have to tackle the deficit. We have been waiting 10 months for a specific proposal from the Labour Opposition on tax, and this motion is the first detailed one that we have received. The critique that we have heard repeatedly from them is that they want fewer cuts in public expenditure and more emphasis on raising tax, yet their first detailed proposal is for a reduction in tax. In effect, this is another uncosted spending pledge. The hon. Member for Wallasey (Ms Eagle), who led for the Opposition, rightly said that the increase in VAT represents about 3p on the pump price that we all have to pay. We know that each penny of that pump price raises about £500 million for the Exchequer, so the motion is proposing a £1.5 billion spending pledge. However, the Opposition cannot tell us, other than in an allusion in the motion to the banking levy, how on earth they are going to find that £1.5 billion. As has been said, they are in effect proposing a new VAT rate of 17.5%, but they know that under international law, they cannot do that.

This duty as a whole raises about £30 billion as a contribution to reducing the deficit, and it makes up about 62% of the pump price. That is a considerably lower proportion than a decade ago, when the share of the pump price represented by taxes was in excess of 80%. I well remember, when I was on the Opposition Benches and the Labour party was in government, that the person who is now leading the Labour party had much promise when he became Energy Secretary. He certainly talked a good talk in that post, although he was perhaps making up for the rather "brown" years of the Labour Government. Now that he is in opposition, we find that his words were hollow and he has moved on to opportunist ground.

We need to move to a transport system that is more sustainable, with more efficient engines, a different mix of fuels, and electric cars, as proposed in the coalition agreement. As our dependency on hydrocarbons declines, we also need to move to a completely new fiscal model for taxing the use of road space, because road fuel duty and vehicle excise duty are a blunt fiscal instrument.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I have listened carefully to what the hon. Gentleman has been saying, and I was very interested in some of his points. What would he say to the family in the rural part of my constituency who live a mile and a half up a farm track, who have no access to public transport and who cannot wait for the kind of interventions that he is talking about to come along somewhere down the line? Does he support the Government reconsidering in the Budget the fuel duty rise that is due?

Stephen Williams: I do not know whether the hon. Lady was listening at the time, but I acknowledged right at the start of my speech that the pressures in rural constituencies are much harder than those in my urban constituency; I have been made fully aware of that by my colleagues. I do not know the details about her constituency, but I certainly empathise with the situation and I am sure that the Government will respond to what she says.

As I was saying, I wish to see a move towards a more sustainable model for taxing motoring and haulage in our country—road pricing, which would make us better able to respond to changed circumstances. But that is the future, and what we have to do now is respond to the genuine concerns of our constituents and motorists up and down the country. It is only a week before the

Budget, and although the Chancellor is not in his place I am sure that he is carefully listening to and being informed by his colleagues about what is being said in this debate. I am sure that when he does respond to those pressures and demands from around the country, he will do so in a way that is not fiscally reckless, is environmentally sustainable, and certainly does not follow the opportunistic advice in the motion.

2.35 pm

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I am grateful for the opportunity to speak in this debate and convey the feelings of my constituents about fuel prices. In Na h-Eileanan an Iar—as the good Speaker himself would say and, of course, did say—we are paying the highest tax per litre in the UK; we are doing so consistently, at a range of fuel stations throughout the entire constituency. That has been the situation throughout the life of this Government and indeed the previous one. The last lot—the Labour Government—made excuses; this lot—the Tory and Liberal Government—are making promises. The upshot at the pumps in Ness, in Uig, in Back, in Stornoway, in Lochs, in Tarbert, Harris, in Lochmaddy, in Balivanich, in Creagorry, in Daliburgh and in Castlebay is the same; excuses and promises equal exactly the same.

The rural fuel derogation has been announced twice at Liberal Democrat conferences that have been six months apart, but there has still been no formal approach to the EU Commission. Can we be given an indication of how long it typically takes to get such a measure approved by the EU Commission, especially as it has given approvals in respect of far less rural areas in other places in Europe than the Hebrides and other Scottish islands?

Mr Andrew Turner (Isle of Wight) (Con): I hope that the hon. Gentleman is not speaking only of Scottish islands, because the Isles of Scilly are included in this and I hope that the Isle of Wight will be too.

Mr MacNeil: As the hon. Gentleman knows, and as I have demonstrated in the past, I have great sympathy for the Isle of Wight and indeed for the Cornish Isles of Scilly, so I hope that this will extend to them as well.

May I suggest that the Government put in place a maximum percentage that can be taken at the pumps in taxation, or at the very least a desired percentage to be taken in taxation, just as the inflation rate seems to be a desired rate and a target for the country? I say that because in the UK 62% of the price of petrol is duty, which is the highest level in Europe—the lowest level in Europe is 46%. May I also ask the Government to examine the fuel distribution network, because many people have long had deep concerns about profiteering between refineries and retailers in what seems to be a very opaque business model? We have to ensure that any gains we make in the—so far promised—rural fuel derogation are felt at island pumps and are not snaffled away elsewhere.

We know what fuel tax is doing to people's pockets on a daily basis up and down the land: it is affecting the poorest more, as this is a highly regressive tax. In areas such as mine, where wages are below the national average, the cost of living is higher and fuel poverty is high—my constituency has the highest in the land—the regressive nature of this tax is really felt. The tax pulls money out of the economy from families, businesses and individuals, and from local authority budgets and health board budgets. Clearly we need help and I ask the Government to provide it in tackling fuel tax and in taking the foot of high fuel tax off the neck of the islands' economy.

When I last spoke in the House on this matter, on 7 February, I said—I have checked the *Hansard* record—that fuel was £1.44 a litre. My office in Stornoway tells me that it is now £1.48 a litre, and I shudder to think what it might be the next time I speak on this issue in the House, because the cost seems to be going in one direction. Before the staff at Benbecula airport correct me, yet again, on the price, I point out that the price in Uist will inevitably be higher. I understand that the price in Uist and Benbecula is more than £1.50 a litre. Consistently, throughout the length of my constituency, we are paying the highest fuel tax in the UK. The simple re-announcements of the intention to have a rural fuel derogation without any change coming at the island pumps are greeted with nausea by my constituents, who are tired of hearing pious words and are instead looking for pious actions.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): Can the hon. Gentleman explain to my constituents why his party is interested in giving help only to Scots in rural areas and not to people in my constituency?

Mr MacNeil: I will indeed. I imagine that in West Dunbartonshire the price of fuel is 15p to 20p a litre lower. How I wish we could enjoy the prices of West Dunbartonshire. I also wish that the hon. Lady could express some sympathy for the voters, constituents and people of the Western Isles who have suffered higher fuel prices than many other areas in the UK as a result of the policies of successive Governments.

Gemma Doyle: For the purposes of clarification, let me assure the hon. Gentleman that fuel in West Dunbartonshire is currently £1.36 a litre for unleaded and £1.43 for diesel—not far behind the prices he quoted for his area.

Mr MacNeil: I have every sympathy for the people of West Dunbartonshire—those are high prices—but with our prices of £1.48 and £1.50 a litre, I wish that we could enjoy prices such as £1.36 a litre. If I went back to the Outer Hebrides tomorrow and announced a price of £1.36, I would be regarded as some sort of hero, but unfortunately I cannot do that. I have sympathy with the hon. Lady but I am afraid that she must reciprocate and understand the problems that come when fuel poverty is higher, the cost of living is higher and wages are lower. The pilot project in the Outer Hebrides and other islands in Scotland is the right way to go. If it is a success, I hope we can extend it. I find the lack of sympathy from Labour Members about the problems in the Outer Hebrides somewhat distressing.

Cathy Jamieson: Having visited the hon. Gentleman's constituency in the past, I understand some of the difficulties his constituents face, but does he agree that although we are talking about derogations, stabilisers and all sorts of things people want action now and that there is an opportunity for the Government to act next

[Cathy Jamieson]

week? Will he support the Labour motion today to ensure that the maximum pressure is piled on the Government?

Mr MacNeil: I probably will support the Labour amendment, but at my own risk. I am grateful for the hon. Lady's words. She is very welcome back in Na h-Eileanan an Iar at any time of her choosing. I would be more than pleased to show her around the islands or to entertain her in Stornoway—at my expense.

I must wind up, because I have to speak at a meeting at 3 o'clock about coastguards, which are a very important issue in my constituency. The last time I spoke about this issue I said that the rural fuel derogation was not like Christmas because Christmas had been and gone. It seems to me that it will not be like Easter either, because it looks like Easter will also come and go while we are still waiting.

2.42 pm

Claire Perry (Devizes) (Con): It is always a pleasure to follow the hon. Member for Na h-Eileanan an Iar (Mr MacNeil). I represent a large, rural constituency in Wiltshire, and when I filled up my car on Monday morning, I found that we, too, are paying £1.40 for diesel and £1.35 for unleaded fuel. The point was very well made by the hon. Member for Bristol West (Stephen Williams) that once one gets out of London and the major metropolitan areas there is a real problem with competition. That problem is shared by many constituencies across the UK.

I am afraid that the Labour motion is breathtakingly cynical. Not one Labour Member bothered to show up at the recent debate on this issue in Westminster Hall, and the Labour Government consistently penalised motorists across the country for 13 years, with unused bus lanes, underinvestment in rural transport and 12 rises in fuel duty over 13 years, of which four were in the last 16 months of their term of office. They also planned, as part of their scorched earth economic policy before the election, six further rises to come into effect over four years, so their cynicism in presenting this motion is breathtaking.

Julie Hilling: The hon. Lady is very keen to talk about what the previous Labour Government did, but does she want to think a little about what is happening now? The Road Haulage Association says that in the last week alone £850 was added to the cost per year of running an average-sized lorry—that was under her Government's watch.

Claire Perry: I am grateful for the hon. Lady's intervention and I will come to my "demand" for something to be done about this problem. I think we both have in our constituencies small haulage businesses that are really suffering from the increases in fuel prices.

I find the motion muddled and inaccurate. This is yet another unfunded spending commitment from the shadow Chancellor and the Opposition. We cannot use a one-off levy of £800 million to fund a permanent reduction in VAT costing several times that amount. The maths just does not add up. I had always thought that the shadow Chancellor, who is not in his place, was a fairly financially literate fellow.

Andrew Bingham: Is my hon. Friend aware that this is the 10th spending pledge that Labour has made from this banking levy? It has spent that money 10 times—is that not typical of the overspending and double-counting of its years in government, which got us into this mess in the first place?

Claire Perry: My hon. Friend makes an excellent point. The shadow Chancellor's predecessor referred to a financial primer that he felt he should read. Might I suggest that the current shadow Chancellor should borrow a copy? I would be delighted to lend him my calculator because I think that a financially literate Opposition would be a quality Opposition and one that the country would welcome.

I find this muddled and inaccurate motion extremely worrying because it is illegal. The EU directive on VAT states:

> "Member States may apply either one or two reduced rates...The reduced rates shall apply only to supplies of goods or services in the categories set out in Annex III",

but annex III does not list road fuel and other amending articles do not permit a reduced rate or an exemption to be applied to transport fuel. Even if we wanted to do this—if the motion were passed—it would be impossible. This is yet another inaccurate attempt to create a political narrative that joins words such as "bankers", "tax" and "too far too fast", but does nothing to address the fundamental problem that the Labour Government left, which we are having to clear up. I do not know about you, Mr Deputy Speaker, but people in my constituency are sick to death of this political posturing and narrative.

Sheila Gilmore: Will the hon. Lady give way?

Claire Perry: I am afraid that I will not at the moment.

The motion is a sham attempt to create dividing lines when we should be working together to get the country growing and out of this mess. It is cynical, muddled and inaccurate, but, as in all our debates on this issue, I welcome the chance to speak about these matters. Outside London, in many parts of rural Britain, people use their cars. Some 43% of households in London do not own or have access to a car, whereas the figure for my constituency is only 15%. That is not because it is a wealthy constituency—the average income in Devizes is well below the national average—but because in large parts of rural Britain people must have a car to go about their everyday business, to get to their job, to take their children to school and to carry out normal day-to-day activities. It is a necessity.

Sarah Newton (Truro and Falmouth) (Con): A car is also a necessity for families in Cornwall. Does my hon. Friend agree that the prices are much higher in such areas? In my constituency, the cost of diesel is almost 6p a litre higher than here in London.

Claire Perry: My hon. Friend makes a very good point, which many Members across the House who represent rural constituencies will recognise. Devizes has one of the lowest population densities per hectare of all English constituencies. We have real problems with our road services and thanks to the very misguided policies of the Labour party our rural services were hollowed out. We lost a third of our post offices and, shockingly, all the minor injuries units in the constituency, so people have to use their car to access even the most basic services.

Like many Opposition Members, I am calling on the Chancellor to bring to fruition some of the plans that we all talked about before the election. I do not underestimate the difficulty of introducing a unilateral fair fuel stabiliser, which would be a tricky thing to do. Unlike the Opposition's proposals, however, it would be legal, and it would be extremely welcome to many Members on both sides of the House and their constituents.

2.49 pm

Nic Dakin (Scunthorpe) (Lab): It is a pleasure to follow the hon. Member for Devizes (Claire Perry), who spoke with her usual panache, confidence and strength of purpose—rather like the Economic Secretary to the Treasury did in setting out the agenda from the Government's point of view, which she set out very well. I do not agree with that agenda at all, but at least she was here to set it out, unlike the Chief Secretary to the Treasury. Like my hon. Friends who have made this point, I wonder where he is. I am rather reminded of a children's book that was very popular with my children and I wonder, where's Wally?

Mr Graham Stuart: It is admirable that Labour Members should be so disciplined in following the line they have been given, but does the hon. Gentleman agree that those on the Front Bench should spend as much time crafting their message so as not to table a motion that is illegal, impractical and careless? They should pay more attention to that rather than just drilling their Members to keep asking where's Wally, which perhaps sums up the state of their politics today.

Nic Dakin: I think I was the first person to ask that in this debate. Of course, we have a clear economic message that runs counter to the posturing successfully used by the parties in government to suggest that there is a need to cut fast and deeply. Our message is that there is no need for such cuts. Three tools are at our disposal to manage our way out of the economic challenge: growth, taxes and service reductions. The Government are using only taxes and service reductions, at a heinous rate, when we should have a policy for growth. Their policy is for the opposite of growth.

Let me draw attention to the headlines sought by the Conservative party as long ago as 2008: "Tories vow to slash fuel duty", from the Press Association on 6 July 2008; and "Tory tax cut to beat hike in fuel" from *The Sun* on 7 July 2008. In a sense, since 2008 the Conservative party has made promises to the British people on fuel duties that it has singularly failed to meet in government.

Lilian Greenwood (Nottingham South) (Lab): Does my hon. Friend recall a promise being made before the election to increase VAT to 20%?

Nic Dakin: I recall one of the parties in government saying to the other party that it was telling an untruth when it said that it would not put up VAT. It turns out that both parties were planning to put up VAT all the while.

People face real difficulties because of the situation in the middle east, the fuel duty rises that the Government have already imposed and the burden of putting VAT up, totally unacceptably, to an all-time high. That favourite Tory tax is now at 20% and that is causing real difficulties for people—we need to listen to them.

Neil Carmichael (Stroud) (Con): May I clarify that it was the Labour Government who introduced most of the VAT increases, which needs to be discussed? Does the hon. Gentleman agree that it is wise for the Chancellor to be considering a fuel stabilisation change?

Nic Dakin: When there were huge economic challenges caused by the great global banking crisis, the Labour Government reduced VAT on fuel and on everything else—they did not put it up and worsen the situation, which is the policy of the parties on the Government Benches.

Let us look at the impact of this tax on growth on people and businesses. Alongside the tax on growth, we have cuts in public services, rising prices, inflation wobbling out of control, cuts to the education maintenance allowance—given to the poorest of our young people so that they can continue and aspire in education—and tuition fees being set at record levels. Unemployment among young people is, on this Prime Minister's watch, the highest it has been for almost 30 years. That is the Government's disgraceful economic record.

People on fixed incomes—including pensioners and those on disability living allowance—are hugely worried about the mobility effect of the hike in fuel prices and the difficulties it will make to their lives. Only today, a witness appeared before the Select Committee on Education—David Lawrence, the principal of Easton college in Norfolk—who said, "Higher fuel costs are a disincentive to participation." That is what is happening in the real world.

Let me quote one letter that I have received this week, which illustrates the sort of correspondence that we all receive from our constituents. It reads:

"I am thirty eight years old, married with a family of six running two small cars to keep the cost down on tax and running costs. The biggest cost that we are finding hard to cover is fuel, since the beginning of last year, average petrol pump prices have risen from just under 111p/litre to almost 128p/litre. Diesel now costs more than 132p/litre, compared to 112.5p a year ago. I would like to explain to you what impact this is having on my ability to drive and go about my everyday life. The price of fuel not only affects work but personally the cost of running my car has significantly increased so that I only can afford to travel to work, any family trips to visit other areas of the region/country I simply just can not afford.

I am employed as a Transport Manager for a local business that relies heavily on local haulage transport companies and also sub-contractors that travel to our region making deliveries. To keep cost down along with trying to keep our CO_2 emissions down we use these sub-contractors as back hauliers as a reduced rate. Over the past few months we have seen transport companies we use either going to administration or just closing the business whilst they can pay back the creditors. This has a big impact on the business I work for as we can not be competitive in a tight margin industry we work in."

That illustrates the difficulties caused in people's private and working lives by fuel prices getting out of control and their impact on the economy.

In my area, as Government Members who represent Humberside constituencies know, we also have the spectre of the Humber bridge board threatening to put up the cost of Humber bridge tolls—an outrageous suggestion of yet another tax on local people and a tax on local businesses.

Let us look forward at what we can do. There are things we can do and messages about what we can look forward to. I agree with the hon. Member for Devizes

[Nic Dakin]

that we should be careful not to engage in political posturing. We all, on both sides of the House, do that from time to time—I think she did a little bit, and I probably have, too—but there are practical things we can do. There is no need for the planned fuel duty increase. It should be postponed or stopped completely because of the circumstances that we are in. We can also consider what can be done about VAT. It did not need to go up on everything and there ought to be imagination and resolution in the EU to ensure that VAT is treated properly for people who drive vehicles in this country.

There are things we can do and it is time to do them. It is time to stop talking and time for action.

ROYAL ASSENT

Mr Deputy Speaker (Mr Nigel Evans): I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Act:

Appropriation Act 2011.

Fuel Prices and the Cost of Living

Debate resumed.

2.58 pm

Mark Pawsey (Rugby) (Con): It is a pleasure to follow the hon. Member for Scunthorpe (Nic Dakin), but I am disappointed that he chose to repeat the remarks of Opposition Members on the attendance of Front Benchers in this debate. It is pretty reasonable for us to expect that they would be working hard on a most important Budget, which will be delivered in this Chamber in only a week's time.

I want to concentrate on the effects of fuel costs on small businesses. The success of our small businesses will be crucial to our work in rebalancing our economy, achieving economic growth and clearing up the economic mess left behind by the Labour party. Certainty and stability in the price of fuel are critical for small businesses—in some cases, they are more important than the price itself, although small businesses suffered massively as a result of rising fuel prices implemented by the previous Government over the past few years. In 13 years, the duty increased from 36p to 57p a litre.

Let me give the example of a medium-sized business in my constituency, Rugby. It is a business that I know well, because I owned and ran it for 25 years before arriving in this place. With 10 vehicles—five delivery vans and five cars for representatives—we served customers around the midlands, and the cost of fuel was a major budget consideration for us. In November each year, I would set my budgets for the following year, and try to estimate the price of fuel over the coming year. In recent years, that became almost impossible. In just the past two years—between January 2009 and January 2011—fuel costs have increased by £1,000 a month. The price per litre went up from 98p to £1.29 in that period; it is now closer to £1.40. The business is now spending £3,000 a month on fuel instead of £2,000. That is £12,000 in additional annual costs attributable to fuel alone. That comes directly from the bottom line; it is a reduction in the profitability of the business, which means that there is less available to reinvest in the business.

As was alluded to earlier, there is evidence from the business community that some suppliers are using the increase in the cost of delivering goods as a reason for price increases to small businesses. That is detrimental to small business profits and is inflationary. When fuel costs change, there are significant implications for distribution costs. Small businesses suffer disproportionately, because they are often in a weaker negotiating position and are thus unable to recoup the shortfall from their customers.

Certainty of price is what small businesses need, so that they can plan. That is often more important to them than price in isolation. I am therefore very sympathetic to the fuel duty campaigns calling on the Government either to freeze fuel duty or to implement the fuel stabiliser. To me, the fuel stabiliser seems a responsible decision, and although I recognise the complexity involved, I support any measure that will decrease the burden on small business.

The motion calls for a reduction in VAT on road fuel to take it back to 17.5%. As the Economic Secretary to the Treasury reminded us, a separate rate of VAT, as well as being illegal under EU law, will have no impact

whatever on small businesses, because most of them simply reclaim VAT. If the motion were accepted, it would, of course, lead to additional tax complication for small businesses and make it more difficult for them to prepare their paperwork.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The hon. Gentleman makes an excellent case on small business and its financial concerns, but how does he think the price of fuel will affect the cost of running vehicles in the Home Office, the Royal Mail fleet, and the Department of Health?

Mark Pawsey: The point that I am making is that the most important thing in any organisation is the ability to budget accurately across the business. The stabiliser proposal will deal with that; a reduction in VAT simply will not have any effect on that at all.

It is my contention that Labour Members are to blame for the situation that we are in, because this January, the Government implemented a rise in fuel duty for which the previous Government had legislated; the previous Government raised fuel duty 12 times when in office, and they planned for six further rises to take place after the general election. Businesses are looking forward to seeing what measures the Chancellor will bring forward in the Budget in a week's time to ease the burden on the important small business sector.

3.3 pm

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): I am delighted to speak in this debate, which is an important opportunity to highlight the real difficulties faced by people the length and breadth of the country as a consequence of the record price of fuel at the pumps and the squeeze that is being forced on people's incomes by the Government. Those issues, along with the reckless pace of public spending cuts, are the concerns most widely raised by people in my constituency, and it is easy to understand why. The area has significant economic challenges, which are being made much greater in the current climate by the Government's approach to the cost of living.

Unemployment in West Dunbartonshire is higher than across the rest of Scotland and the UK. According to the latest figures, published today, the local claimant count has risen to 6.5%, compared with 4.3% for Scotland and 3.8% for the UK as a whole. Recent analysis of pay across Scotland has highlighted that wages in West Dunbartonshire are 11% below the Scottish average, and of course unemployment and low pay have a clear relationship with poverty. West Dunbartonshire has a disproportionately high number of people living in deprivation, and people living there have a disproportionately low life expectancy. I say that not with pride, but to try to communicate to the Government the challenges found in areas such as mine—challenges to which they have seemed impervious, particularly in this debate.

West Dunbartonshire has a high percentage of people employed in the public sector. Of course, the Government are slashing jobs in the public sector; they seem to believe that the private sector will magically rush in to fill the gaps in employment. The last thing any business needs to contend with at the moment is record fuel prices. Far from growing the private sector, they may mean that even more people lose their jobs. Just this afternoon, the owner of a delivery business in my constituency contacted my office to outline the impact of record fuel prices on his business.

Given all those factors, it is clear to see why people in West Dunbartonshire are struggling to afford the squeeze on their family budgets and businesses as a result of record fuel prices, rising inflation, and cuts to the help for families on low and middle incomes.

Justin Tomlinson (North Swindon) (Con): I agree with the hon. Lady's comments on the effects of high fuel costs. Does she agree that there should be some regret for the Labour Government's 12 fuel duty increases?

Gemma Doyle: There should be regret that this Government have raised VAT to 20% with no regard for people in my constituency. Never before have people in West Dunbartonshire been forced to pay £1.36 for a litre of unleaded or £1.43 for diesel, as they do now at some local forecourts. Every time they make a trip to the filling station, they find that it costs them a bigger share of their income to fill up their car.

As we know, the recent spike in the price of fuel has been driven in part by rising world oil costs, especially as a consequence of the crisis in the middle east, but the Government have heaped unnecessary extra pain on people by hiking VAT to 20%, adding 3p to a litre of fuel. It is astonishing that the Government have acted so callously in driving up the cost of fuel, given the pre-election promises made by both the Conservatives and the Liberal Democrats last year. I am sure that I am not the only Member who saw leaflets promising action to keep fuel prices down circulated at the last election by one or both parties, although to the best of my knowledge, the Lib Dems did not even bother using their Royal Mail freepost in my constituency in the election last year.

That the price of fuel at the pumps is now at a record level as a consequence of the Government's actions is an unforgivable betrayal, but that is of course something that we are getting used to from the Government. The attack on ordinary families' standard of living goes much further than rising fuel prices driven by the actions of this Government. The VAT hike will cost families with children around £450 a year. Unfair cuts to tax credits, child benefit and housing benefit will further erode the incomes of families who rely on that support.

Pamela Nash (Airdrie and Shotts) (Lab): Does my hon. Friend agree that the Government have failed to recognise the impact that the VAT rise on fuel will have even on products that are protected from VAT, such as food and children's clothing?

Gemma Doyle: My hon. Friend makes a significant point. I was about to say that a number of factors are adding up to put intense pressure on family incomes. For example, 1,000 families in my constituency will lose a further £400 a year as a result of the Government's cuts to the child care element of the working tax credit. What makes that all so much worse is that while the Government are choking off help for hard-working families and recklessly cutting jobs and services, they have given the banks a huge tax cut this year. I know my constituents find it hard to understand how that can be squared with the Prime Minister's claim that we are all

[Gemma Doyle]

in it together—a frankly laughable claim from a Cabinet of millionaires. *[Interruption.]* I am sorry if Government Members do not like to be reminded of how many millionaires are in the Cabinet, but I am afraid that that is a matter of fact.

The Government have heaped pain on families, but they could have made a different choice and relieved some of that pain. As my hon. Friend the Member for Wallasey (Ms Eagle) said, the Government could use the £800 million raised from the bank levy immediately to reverse the VAT rise on fuel. Just as the previous Government often postponed fuel duty rises when oil prices were rising, as they are now, the Chancellor should look again at the Budget—that is why he should be here today, listening to the arguments—ahead of the planned 1% rise in April.

Charlie Elphicke: Has the hon. Lady considered that the reason the Chancellor is not here today is that he is busy trying to sort out the Budget to undo the massive financial mess left by the Labour Government and deal with their economic incompetence?

Gemma Doyle: It is the duty of the Chancellor to listen to Members as he is putting together his Budget. Both he and the Chief Secretary to the Treasury should be present, listening to Members as we debate this important subject.

I have outlined a different approach, which would be the right approach. I notice that none of the Scottish National party MPs is present. Their proposal for a fuel duty cut in remote areas would do nothing to help my constituents in West Dunbartonshire. The name of the constituency may include the word "shire", but on the whole it is not a rural area, although a small number of my constituents would consider themselves to be in a remote area. The majority of my constituents live in an urban or a suburban area and they are struggling with the record price of fuel. We need to go much further and bring down fuel costs for everyone in urban and rural areas.

I will of course support the motion in the name of the Leader of the Opposition. The Government can and must take action to provide some relief to people in my constituency and across the country. They can do this in the ways outlined today. Like numerous other Members, I urge the Chancellor to take that action and go some small way towards showing that he has not completely lost touch with the pain that British motorists are suffering.

3.12 pm

Andrew Percy (Brigg and Goole) (Con): I can assure the hon. Member for West Dunbartonshire (Gemma Doyle) that I am not a millionaire. I would, in the words of Travie McCoy, quite like to be a billionaire, but I do not expect that will happen. There are plenty of rich people on the Opposition Benches—people in glass houses and all that.

We should begin by recognising that over the past couple of decades, Governments of all shades have hiked up fuel duty and, broadly, people have been in general agreement with that because it has been seen as a green tax. That is why it was created. An injection of honesty is needed to counteract the feigned anger that has suddenly appeared and the damascene conversion that has taken place among Opposition Members. Everybody supported fuel duty rises over the year, and their position lacks credibility.

I agree with much that is in the Opposition motion. We all have concerns about fuel costs. Obviously I do not agree with the part that asks us to do something that is illegal under EU law. My radical solution to that would be to leave the European Union, but that is a debate for another day. Before we accuse the Opposition of cynicism, it is incumbent on those of us on the Government Benches to prove that the pledges we made at the general election were not cynical. That is why I look forward to the Budget, on which the Chancellor and Chief Secretary are working so hard, and I look forward to the answers on fuel duty. I hope they include a fair fuel duty stabiliser.

I dished out leaflets to the good voters of Brigg and Goole—hounded them with leaflets, one might say—on the fuel duty stabiliser. I supported it, knowing of the work that had gone into that policy at Conservative central office. I look forward to the Budget next week, when I hope we will hear more details about stabiliser. The price of fuel is having a massive impact on my constituents across north Lincolnshire and east Yorkshire. I note the proposals in relation to the islands and I heard the comments from the hon. Member for Na h-Eileanan an Iar (Mr MacNeil). He has been a passionate advocate on behalf of his constituents. I would say to him if he were here—I know that he is off trying to save coastguards, and I wish him the best of luck on that too—that the effect of fuel prices is not limited to the islands.

Constituents such as mine have to travel an awful long way to their places of work. I represent a largely rural constituency, and most of my constituents travel considerable distances, whether to Lincoln, Leeds, Hull, York or Doncaster. Much of the time they sit in traffic, which is not good for fuel consumption, I am told. The pressures that affect the islands of Scotland and the Scilly Isles affect our constituents too.

Justin Tomlinson: I echo the comments of my hon. Friend. My constituency, North Swindon, has a considerable number of commuters who have no choice but to travel by car. The increased fuel costs impact on them as well.

Andrew Percy: I thank my hon. Friend for that intervention. What we are both saying is that if any solution is applied to one part of the United Kingdom, it must be applied to other parts of it as well. If we are all about fairness, as I am sure we are, it must be a solution that is fair to everybody in the United Kingdom.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Does my hon. Friend share my concern for 1,000 dairy farmers in west Wales, who cannot pass on the additional fuel duty to their customers because their milk price is fixed by supermarkets?

Andrew Percy: Absolutely. I share that concern for dairy farmers throughout the United Kingdom. I am sure the Minister heard that and I hope he will respond.

My constituency is a logistics hub. We have many transportation firms. A business owner, Paul Emms, came to see me at my surgery in Epworth this weekend. He said that because of fuel prices, he now faces the possibility of laying people off. Rather than contributing tax to the economy, not only has he been stung by tax rises on fuel, but he is putting people out of work whose payroll taxes will be lost and who will have to be funded by the taxpayer through their benefits.

Sheila Gilmore: Will the hon. Gentleman give way?

Andrew Percy: No, I will not. I have taken a couple of interventions already.

Fuel prices are a particular issue to my constituents and to businesses in our area. In our patch we also suffer the problems of rural transport. We have very little rural transport. My local Labour council—this is my dig at it—is proposing to scrap the Axholme shopper bus service, which costs only £13,000 a year to run. A political assistant at the council is still being paid several thousand pounds, but we are losing many of our rural bus subsidies. My constituents are not even in the privileged position of being able to rely on public transport as an alternative.

My plea to the Government is to listen to the genuine concerns that have been expressed. I greatly respect the Economic Secretary. She is one of the Ministers who accepts my invitations to visit Brigg and Goole. I heard what she said, and there seemed to be the possibility of some positive messages coming out of the Budget. My constituents cannot bear the prices as they are.

Figures out today show that the average wage in northern Lincolnshire is much lower than in the rest of the country. We pay a lot for our petrol and we have to drive a long way to get to a petrol station these days. This is a massive problem for my constituents, and I urge the Government to pay heed to the promises that we made at the general election—promises on which I was elected—which included doing something about fuel duty and introducing a fuel duty stabiliser. As I said, I am sure that was a well thought out policy before the election and will be implemented shortly.

3.18 pm

Sammy Wilson (East Antrim) (DUP): I welcome the opportunity to bring a Northern Ireland perspective to the debate, although I expect that it will not be all that different from what we have heard from all round Great Britain. There are a number of particular problems which the escalation of fuel prices brings to a place that is on the periphery of Europe and on the edge of the United Kingdom, with all the attendant costs for industry, whether for the transport of raw materials in or for the transport of goods out.

At a time when the Northern Ireland Executive are trying to rebalance the economy and promote the private sector, such increases in costs present particular difficulties. They also present a difficulty when the fuel duty in Northern Ireland is much higher than in other parts of the island. For example, on diesel there is a 60% tax take, whereas across the border in the Republic it is 55%. That distorts competition in industry. Northern Ireland also has a large and dispersed rural community with high levels of rural poverty, so escalating costs will hit people who can ill afford them, as many Members have highlighted for their constituencies.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): Does my hon. Friend agree that an added problem in Northern Ireland is that it is the only part of the UK that has a land border with another state and that fuel smuggling has been endemic for many years? Would the Government not be better served by putting more resources into HMRC's capacity to tackle fuel smuggling and apprehend those engaged in that unlawful activity, as that could bring in a lot more revenue to the Exchequer?

Sammy Wilson: I accept my right hon. Friend's point: with a 20% price differential, fuel smuggling of course becomes a lucrative trade.

Although there are differences in approach, there seems to be a fair degree of unanimity that this issue needs to be dealt with. In fact, the only dissenting voice I have heard is that of the member of the Green party who sits in front of me, the hon. Member for Brighton, Pavilion (Caroline Lucas), who seems to think that it is a good idea that fuel prices go up. I think she is more interested in influencing temperatures in the world in 100 years' time than dealing with the poverty people face in the present day—it is a quirky party, so of course it has quirky ideas.

A number of criticisms have been made of the motion before us, and I must say that I have some sympathy with them. I know that getting a derogation from Europe will not be easy. Indeed, after this debate I will be speaking with the Minister about the aggregates levy and derogations for it, and even for something that simple we are looking at more than a year for Europe to agree a variation on something that it has already accepted. One must bear it in mind that that is not a quick remedy. However, the motion at least highlights the issue, which is one reason I support it, and it does so in stark terms, setting out the impact that fuel price rises have on people.

The Economic Secretary's response has been threefold. First, she spent quite a lot of her speech looking back. I suppose it is difficult for someone from Northern Ireland to criticise another for looking back, so you will have to allow me to overcome that irony, Madam Deputy Speaker. I admire the way the Economic Secretary made her argument. In fact, I like her style—head-butt the opponent, get them on the ground and kick them when they're down. She should be an honorary Ulsterwoman. I appreciate her approach, but although the previous Government have a case to answer, I think that people outside are interested not so much in who did what in the past, but in what will happen in future. Although it was good to hear her robust response, it has to go further.

Secondly, the Economic Secretary gave a number of reasons why things could not be done. She talked about deficit reduction and the fact that there would be a cost attached to any action on fuel prices, but one point that has escaped mention in the debate is that we are talking about a windfall for the Government. The increase in money that has resulted from the price rises was not anticipated in the deficit reduction plan in the first place—at least I do not think that the Government anticipated there would be a war in Libya and that that would put up fuel prices and built that into their Budget. If they did, God help us, because if that kind of planning goes into a long-term Budget we should be very worried. It is a windfall tax, so the Government

[Sammy Wilson]

have an opportunity to give it back to the people; it does not impact on the deficit reduction plan and it alleviates a problem that they have identified.

Thirdly, the Economic Secretary said that she cannot pre-empt the Budget, and I suppose we must have some sympathy with that. I do not think that anyone would want her to do so, but if there is to be some good news in the Budget, I would have liked her to have at least softened us all up by giving some hope that that will happen.

Robert Flello (Stoke-on-Trent South) (Lab): I am thoroughly enjoying the hon. Gentleman's speech, but, to pick up on that point, Government Front Benchers could pre-empt the Budget by announcing now, as Labour did in the past, that the proposed increase will not happen. They do not have to wait until the Budget.

Sammy Wilson: I was just coming to that point. Government Front Benchers could today at least have offered us some softening up, some promise or some hope held out, but that was not apparent in the speech we heard. Perhaps in the winding-up speech there will be such an opportunity. The one thing we do know is that in opposition and faced with increasing fuel prices and protests about them, the current Chancellor said that when prices and the tax take go up, taxes should go down, and that when prices go down, taxes should go up. That was the policy enunciated when Government Members were in opposition. I look forward to next Wednesday to see whether that promise and policy will be given some effect in the Budget. If that happens, this motion and this debate will have been worth while and there will be at least some alleviation of the hardship that fuel price increases have brought.

3.26 pm

Charlie Elphicke (Dover) (Con): It is a privilege and honour to follow the hon. Member for East Antrim (Sammy Wilson), who made an entertaining, engaging and thoughtful speech on this issue, which we all feel strongly about. It has been an emotional debate on both sides of the House. Constituents write to me daily expressing concern about the cost of living and how they will manage, given the way the cost of fuel has risen in recent times. It is a just concern that is understood on both sides of the House. Hauliers in my constituency write to me expressing grave concern about the situation they find themselves in and their ability to compete with operators on the continent who undercut them.

However, I must say that for the Opposition to bring forward such a motion is the most extraordinary and shameless opportunism I can recall seeing in this House. It is shameful because we know that the Labour party increased duty 12 times in its period in office. We know that it took away the 10p tax rate. We know that tax discs went through the roof, and we know that the haulage industry was decimated in the last decade because the Labour Government had no interest or desire to ensure that that industry was safeguarded.

Chris Evans (Islwyn) (Lab/Co-op): Does the hon. Gentleman agree that the most damning verdict on the coalition's first year in government was when someone wrote to me and said, "Mr Evans, thanks to the increase in VAT on fuel duty, I'm worse off than I was a year ago"? Does the hon. Gentleman agree that most people in this country are worse off than they were a year ago?

Charlie Elphicke: Measures taken by this Government will take 800,000 of the poorest people in the land out of tax. The Chancellor is not in his place today; I hope very much that he is working out how he can look after the least well-off people in this country in his Budget. I hope that he will be listening and thinking carefully about how he can engage with people's understandable concern about the cost of fuel and how the country can be put right after 10 years of being driven into the international sidings.

Elizabeth Truss (South West Norfolk) (Con): Does my hon. Friend agree that in his Budget the Chancellor should be looking at areas such as South West Norfolk, where people have little alternative but to use their cars both for business and domestic purposes? In particular, does he agree that the rural fuel reduction should be extended to areas such as Norfolk, where there is very little public transport?

Charlie Elphicke: My hon. Friend makes a powerful point on behalf of her constituents, for whom she is such a brilliant advocate. As she and I know, the difficulty is the amount of money in the kitty, which is massively in the red. We have a structural deficit of £109 billion and borrowings this year of more than £150 billion. That is the poisoned economic inheritance that the previous Government left, having maxed out the nation's credit card and brought this country to the brink of bankruptcy. What do they urge us to do? Opportunistically, they urge us to cut taxes. How would they do that? They would borrow more money, as we know from the shadow Chancellor's Bloomberg speech, and raise interest rates on mortgages for the average householder, who struggles to get by as it is.

Sheila Gilmore: Did the hon. Gentleman actually listen to what his hon. Friend the Economic Secretary to the Treasury said earlier about the impact of VAT rises and fuel cost rises on businesses? They mean that businesses go under, people are put out of work and they then buy less? Is that not the crux of the issue? If we want growth, we need to give people income with which to purchase things.

Charlie Elphicke: The crux of the issue is that we have to stop the draining of money from the public finances, right the nation's finances and get this country growing with a pro-business agenda. That is what the Government are looking at, and I hope that in the Budget next week we will see a pro-growth, pro-business, pro-jobs and pro-money economic policy, which we have not had for the past decade. We have been brought to the brink of ruin by the amount of debt that the previous Government encouraged ordinary people to get into and, indeed, managed to get the public finances into. This Government are about putting those things right: ensuring that our housekeeping personally and as a nation is put back on the level. That is really important.

Fiona O'Donnell: Among all those tough choices, which does the hon. Gentleman think his Chancellor found tougher: taking money from his friends in the City and in the banks, or taking money from hard-working families in my constituency?

Charlie Elphicke: I gently encourage the hon. Lady to be cautious when making remarks about rich people. The other day her right hon. Friend the Leader of the Opposition talked about how his house is worth millions and millions, so we should be careful before we start trading such ludicrous insults. This is a serious debate; we have people in our constituencies living in deprivation, and all she can do is trade political barbs. I encourage her to consider how we can create more jobs and money, and how we can grow the private sector, so that it includes real jobs and real money that will take this country forward and grow our economy. The priority has to be to ensure that this country gets back into the fast lane of economic growth in the international arena. We have been slipping down the global competitiveness league over the past 10 years, and we need to ensure that this country goes back to the head of the economic river.

Pamela Nash: Does the hon. Gentleman not agree that rapidly rising fuel prices are doing exactly the opposite of what he says his Government are trying to achieve, with economic growth and the number of jobs throughout the country decreasing?

Charlie Elphicke: I cannot control the weather; God controls that. Nor can I control world oil prices; they are controlled by the global markets. Would that we could just magic away the fact that global oil prices have risen, but we cannot, and global oil prices have been rising and creating the problem felt deeply by many of our constituents. The situation has not been helped by the past decade's 12 rises in fuel duty, which saw it go up from 36p to 57p. That is a massive, 20p increase, and on top of that there is VAT. But, to come to this House and say, "Well, why don't we just chop the VAT by 2.5%," knowing that is illegal and unlawful, and that it would take six years to secure such a derogation, is a shameless and craven exercise in opportunism.

Tom Blenkinsop: The Government are proposing enterprise action zones, so if I were to set up a petrol station in one of them, would I be able to sell petrol exempt of all taxes? That would present a problem for the hon. Gentleman's argument that, under EU law, we are not able to roll back VAT.

Charlie Elphicke: I do not think the Chancellor would introduce any such enterprise zone on that basis, and nor should he; that would be a ridiculous thing to do.

Just as ridiculous is the fact that the previous Government did so little about smuggling across the border. We see it daily in Dover, where local hauliers complain to me bitterly about the people who fill up in Luxembourg but not in the United Kingdom. They bring goods in, pick up another load, leave and then fill up again in Luxembourg. They contribute nothing to duty, road funds or vehicle excise duty in this country; they come on a free pass, and the previous Government did nothing about it.

Dr William McCrea (South Antrim) (DUP): Does the hon. Gentleman understand the anger felt by law-abiding people in these days of great financial constraint about the fact that on Tuesday the UK's biggest fuel laundering plant was found in Crossmaglen in Northern Ireland? That industrial-scale plant was capable of producing more than 30 million litres of illicit fuel a year, representing the equivalent of £20 million in lost revenue. Surely it is about time that such despicable action was stamped out.

Charlie Elphicke: I completely agree with the hon. Gentleman, who makes a very fair point. We need to be firmer and tougher on smuggling and ensure that everyone pays their fair share. Two hauliers in my constituency, Martin Husk, and Tony Thompson of Comfret, stopped me the other day in Dover, complaining bitterly about the way they are hobbled by international competition, and I said that we should look carefully at daily road-user pricing. That would need a European derogation, but all other countries seem able to do it. We should look at introducing that as a longer-term, well thought-out, non-opportunistic measure.

We need measures on fuel which are lawful and affordable. We cannot just prey on people's fears and be cravenly opportunistic; we have to be considered and careful. We need the Government to continue carefully considering the policy for the Budget next week, and to bring forward something that is affordable, credible, sensible and well thought-out, not the sort of ludicrous opportunism that we have seen from the Opposition.

3.36 pm

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): Time is running away from me, so I will keep my contribution short. The Opposition have called the debate today because we have certain questions about the Government's attitude to fuel, to living standards and to the economy more widely.

First, do the Government understand the squeeze on working families? Secondly, do the Government understand the need for a political economy that puts growth and jobs at the heart of everything government do? Thirdly, are they a Government who put the interests of the many above those of the few? [HON. MEMBERS: "Yes."] Well, I have to say—

Tessa Munt (Wells) (LD): Will the hon. Gentleman give way?

Gregg McClymont: No, I will not give way, I am afraid. I have only three minutes. I am sure the hon. Lady will understand.

Government Members say "Yes", but nothing I have heard so far in this debate leads me to believe that they have an affirmative answer to those questions. Reversing the VAT rise on fuel would be a statement—a declaration—of faith in working families in this country.

George Freeman (Mid Norfolk) (Con): Will the hon. Gentleman give way?

Gregg McClymont: I will not, I am sorry. I have only two and a half minutes now, and the hon. Gentleman will understand, I am sure, that there is no time to give way.

Reversing the VAT rise in fuel would be a small concession in the context of a cocktail of economic policies that amount to a sustained assault on the living standards of ordinary families in this country. The Chancellor, the Chief Secretary to the Treasury and other Front Benchers will claim that the squeeze in

[Gregg McClymont]

living standards is beyond their control, but the Deputy Prime Minister admitted at the weekend that this Government's policies are their choices. They have chosen to make ordinary families pay the price for their chosen economic policy. Regressive indirect taxes are going up; taxes on bankers and financial services are falling. A return of the bonus tax on bankers would be strongly welcomed by Labour Members. Support for families and for children has been cut aggressively this year. The cut to the child care element in working tax credit will hit hard families up and down this country from April.

Ministers talk of rebalancing the economy, but over the next five years the Office for Budget Responsibility has predicted falling savings rates and a lower share of GDP going into the wages of ordinary families. We already know that lower wages, squeezed living standards and lower savings rates lead to higher personal debt, higher financial stress and more personal bankruptcy. Is this the rebalancing of the economy that we really want, where debt is shifted from Government to families? I, for one, do not think so.

Today we are calling for a reversal of the VAT rise on fuel. This would be a declaration of faith in ordinary families up and down the country, and I hope that the Government will look on it kindly.

3.40 pm

Kerry McCarthy (Bristol East) (Lab): We have heard today from Members on both sides of the Chamber about how ordinary working families and people are feeling the squeeze in these tough economic times.

My hon. Friend the Member for East Lothian (Fiona O'Donnell) made an excellent speech in which she spoke up for the constituents who have contacted her by e-mail telling stories of how they are being hit by the fuel price rises. My hon. Friends the Members for West Dunbartonshire (Gemma Doyle) and for Scunthorpe (Nic Dakin) added their tales of woe from constituents who are finding times difficult. My hon. Friend the Member for Edinburgh South (Ian Murray) mentioned a constituent who wrote to him about being hit from all sides by a litany of blows rained down on him by this Government. My hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) referred to a cocktail of economic policies that amount to an assault on the living standards of ordinary working families.

My hon. Friend the Member for Edinburgh South talked about the impact on small businesses, as did the hon. Member for Rugby (Mark Pawsey), who spoke from first-hand experience as someone who used to run his own business. He said that the cost of fuel had gone up from £2,000 per month to £3,000 per month, which was obviously having a major impact on the ability to run a profitable business.

Robert Flello: Is my hon. Friend aware that organisations such as the Road Rescue Recovery Association, the Freight Transport Association, the Road Haulage Association and the Scottish Vehicle Recovery Association are asking, "When are the party in government going to honour their pledge about the stabiliser?" They are desperate for that to happen.

Kerry McCarthy: I will turn in a moment to the pledge about the stabiliser. The hon. Member for Worcester (Mr Walker) called for it to be implemented very soon, as did the hon. Member for Devizes (Claire Perry), who is no longer in her place.

Tessa Munt: Does the hon. Lady agree that the Minister will be very generous in seeing representatives of the FairFuelUK campaign, who have 140,000 signatures on their petition as of today? That is organised by Peter Carroll. The chief executives of the Road Haulage Association and the Freight Transport Association and the operations director of the RAC, together with Quentin Willson, the motor journalist, and I, coming from a hard-hit rural constituency, will discuss this tomorrow. We are suffering the double whammy of domestic oil and fuel oil—

Madam Deputy Speaker (Dawn Primarolo): Order. This is supposed to be an intervention, not an opportunity to make another speech or to put out an advert.

Kerry McCarthy: I would not expect any less of the Minister, as she certainly should be meeting the organisations. It is a shame that the Chancellor and the Chief Secretary to the Treasury were not also here today to listen to people.

The hon. Member for Brigg and Goole (Andrew Percy) talked about his election leaflets hounding his constituents about the fuel duty stabiliser. He referred to the work that Conservative central office had put into the policy, which he described as a well-thought-out policy from before the election that will be implemented shortly. I may disabuse him of that delusion a bit later in my speech.

The hon. Member for Amber Valley (Nigel Mills) talked about the impact in rural areas and the fact that people could not afford to go to work, and he urged the Chancellor not to go ahead with the fuel duty escalator. My hon. Friend the Member for Stockton North (Alex Cunningham) ventured further afield and discussed the impact of fuel poverty on people who were having to spend more than 10% of their income on heating their homes, saying that what the Government are doing across the board is likely to push more people into fuel poverty. It was a very thoughtful speech.

The hon. Member for Bristol West (Stephen Williams) talked about petrol prices in Bristol. I am sure that one of the few things on which we can agree is that Bristol desperately needs to sort out its transport issues and develop a better public transport system. It has the worst congestion of any city in the country, and we need to address that. The hon. Member for Na h-Eileanan an Iar (Mr MacNeil)—did I pronounce that correctly?

Mr MacNeil: Almost.

Kerry McCarthy: Almost. The hon. Gentleman talked about the rural fuel derogation, but I do not think that he got an answer from the Economic Secretary. He asked when the pilot in the Outer Hebrides would happen and whether he could have more details.

The hon. Member for East Antrim (Sammy Wilson) went on a bit of a flight of fancy about the Economic Secretary engaging people in head-locks and bare-knuckle fighting, which, I am afraid, she missed. He then expressed

disappointment that we had had no softening up from her—I am not sure where he was going with that. However, he also spoke evocatively about the impact of the fuel price rise on his Northern Ireland constituents.

The hon. Member for Dover (Charlie Elphicke) accused the Labour party of shameless opportunism in speaking up for constituents and trying to address the impact on hard-hit motorists. What I would describe as shameless is the Conservative party's leading people to believe before the election that it could cut 10p off the price of petrol and then doing nothing about it.

Mr MacNeil: Will the hon. Lady give way on that point?

Kerry McCarthy: I am sorry, but I have no time to allow any more interventions.

We heard today that unemployment has now risen to more than 2.5 million. Another 27,000 people have been added to the dole queue in the past three months. Those who are in work find their income squeezed by the rising cost of living, with inflation surging over 5%, but average wages growing by just 2.3% and many in the public sector facing a cut in real terms. People are struggling to make ends meet.

This month, the Office for National Statistics added iPhone apps and online dating fees to its RPI shopping basket—I am not sure what was in its RIP shopping basket. The ONS believes that essentials such as food and fuel now make up an increasing proportion of the average family spend. Of course, we have heard today that the price of fuel is rising fast. A litre of fuel is now £1.32, which is up 7p from the beginning of the year. That is an extra £80 for the average driver.

We accept that the Government cannot control the price of oil. We understand that the turmoil in the middle east and north Africa is having an impact on global prices. However, the Government are not powerless. They have a choice. They could choose to help working families get through the tough times, or to carry on regardless down their reckless path of cuts, which are too fast and too deep, slashing support for families and putting the recovery at risk.

The Government have made the wrong choice. The Chancellor chose to raise VAT to 20%, which hits low and middle-income families hardest and has pushed up the prices of fuel, energy and food and, as we have heard, has hurt businesses, too.

George Freeman: Will the hon. Lady give way on that point?

Kerry McCarthy: I am afraid that I do not have time.

Before the election, when a litre of petrol was 12p cheaper than it is now, the Conservative party said that it would consult on the fair fuel stabiliser. It said that it would ensure that families, businesses and the whole British economy were less exposed to volatile oil markets. The Prime Minister said that he would help with the cost of living by trying to give a flatter, more constant rate for filling up the car. The Chancellor said that that would be delivered in the Government's first Budget. It was not. Conservatives led voters to believe that they could and would act. However, we now face the exact problem that the policy was designed to prevent. Rising oil prices have pushed up fuel prices at the pump beyond £6 a gallon, yet there is no sign of the fair fuel stabiliser. Not only that, but the Government have added nearly 3p to the price of a litre of petrol with their VAT rise this year.

The Government need to come clean about whether they will move ahead with the stabiliser and answer the criticisms of a host of commentators, who said that the idea would never work because rising oil prices do not necessarily lead to higher tax revenues. They include the Office for Budget Responsibility, the new head of which said that its analysis suggested that a fair fuel stabiliser was likely to make the public finances less rather than more stable, and the Institute for Fiscal Studies, which said that the claim that the Treasury receives a windfall gain that it can share with motorists when oil prices rise is incorrect. Even the Secretary of State for Business, Innovation and Skills said before the election that the fair fuel stabiliser would be "unbelievably complicated and unpredictable".

The Government are no closer to introducing the fuel duty stabiliser now than they were a year ago. Rather than teasing the public and dangling the prospect before them, the Government need to nail their colours to the mast and tell us what they intend to do. Labour believes that the Government should reverse their VAT rise on fuels and reconsider the fuel duty escalator rise, which is due in April. In government, Labour often postponed fuel duty increases when oil prices were rising and families felt the pinch. It was clearly the right thing to do then and we urge the Government to reconsider now.

Obviously, there is a balance to be struck between raising revenue and ensuring that ordinary people who are trying to get on with their lives—earn a living, get the kids to school, get to work on time—are not unfairly penalised. For some, driving is a choice and they can cut down on their journeys when petrol prices increase, but what about those who rely on their cars every day and do not have the option of using public transport because the bus and rail services simply are not there, or those who run small businesses, or the self-employed who need to run vehicles as part of their work?

Ordinary working people did not create the global economic crisis; it began in the financial sector. However, under this Government, it is ordinary working people who are paying the price. The Government are taking away more money from families with children than they are asking for from the banks that caused the problem in the first place. The bank levy is expected to raise £2.5 billion, but the last Budget and the spending review took nearly £5 billion from families with children through cuts to child benefit, child tax credits and other measures. The Government have refused to repeat the bank bonus tax that Labour introduced last year, which raised £3.5 billion and could be expected to raise another £2 billion this year.

We believe that the bank levy, which is expected to raise £800 million more this year than was originally predicted, could be used to pay for a reversal of the VAT rise on fuel. That would be the right thing to do: helping people when times are hard, getting the economy moving again and asking the financial sector to pay its fair share. Asking ordinary people to pay and hitting them where it hurts most is the wrong choice. Government Members can try to pass the buck and blame the EU for their failure to act, but the fact is that they have a choice. They could choose to help ordinary working people in the Budget next week. I urge Members to support the motion.

3.51 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): This has been a helpful debate. There is little doubt that the cost of living and the rising price of fuel are difficult issues that affect all our constituents. I thank my hon. Friends who raised issues from their constituencies, in particular my hon. Friends the Members for Worcester (Mr Walker), for Amber Valley (Nigel Mills), for Bristol West (Stephen Williams), for Devizes (Claire Perry), for Rugby (Mark Pawsey), for Brigg and Goole (Andrew Percy) and for Dover (Charlie Elphicke).

When times are hard, things are clearly very difficult, and we understand that people want us to do something. We have to address the deficit. The plans that we inherited were not credible. One plan announced by the previous Government was to increase fuel duty six times over the course of the next few years. The Chancellor will, of course, update the House next week on our plans on all tax matters. I am sure that the points that have been raised today will be fully taken into account.

I will focus on one particular Opposition proposal: the suggested cut in VAT on road fuel. In advance of a Budget, the Opposition seek to find a popular and eye-catching policy to get some headlines and broadcast time. One can imagine the enthusiasm of the shadow Chancellor when he told the Leader of the Opposition of his cunning plan. He wanted to use the money from a tax on unpopular people—our bank levy—to reduce costs for motorists. However, rather than the obvious proposal of reversing fuel duty increases, which might have been a little awkward for the Labour party, he proposed to focus on VAT on fuel, and in so doing to distract attention from the fact that Labour is dropping its opposition to other parts of the VAT increase.

Mr MacNeil: I am grateful to the Minister. I did try to intervene on the Opposition spokesman. I wonder whether the Minister is aware that 37 days ago, on 7 February, there was a debate in this House calling for action on fuel prices, and Labour MPs abstained.

Mr Gauke: I am grateful to the hon. Gentleman for raising that point.

With the new policy prepared, how could the shadow Chancellor's plan possibly fail? An interview round was done on Sunday, a press conference was booked for Monday, and an Opposition day was planned for today—I believe by moving aside other plans. However, let us consider what happened. So quickly did the flagship policy of a cut to VAT on fuel unravel that the shadow Chief Secretary, in her 32-minute speech, completely skipped over it. She did not want to discuss it for a moment. What went wrong? The starting point, of course, is that the funds identified by the shadow Chancellor are a one-off amount of £800 million that is available this year from the bank levy. There are no funding plans for future years. Of course, the bank levy should be spent in myriad ways, according to the Labour party—I think it has committed it 10 times over.

Let us turn to how a VAT reduction on fuel duty would be achieved. As has been pointed out, the operation of VAT by EU member states has always been restricted by EU-wide rules. Of particular relevance is the fact that reduced rates may apply to certain specified items, but road fuel is not among them. Under the current rules in the relevant EU directive, we simply cannot do it.

Today's motion states that we should seek a derogation, and the shadow Chancellor has said that France has obtained a derogation with regard to restaurants. That is correct, and it is perhaps worth describing the process required to obtain a derogation—unless, of course, Labour Members wish to leave the EU. That would liven up the debate, but I do not think that that is their position. If they wanted a derogation, there would have to be discussions with the European Commission, which would have to be persuaded to make a proposal. Each and every member state would have to agree to that proposal, and there would also have to be consultation with the European Parliament.

It is true that a new agreement was reached in 2009 on the list of excepted activities, but that agreement took nearly seven years from start to finish. There is no guarantee of success, either. Opposition Members dismiss the European situation, but they sought derogations to achieve lower rates of VAT for listed places of worship and green energy-saving materials. They were unsuccessful, and they abided by the decision. The VAT directive currently allows derogations only on the grounds of simplification or the prevention of avoidance or abuse, so the chances of success are slim. The shadow Chancellor's position today is that we should begin a lengthy, and almost certainly unsuccessful, attempt to obtain a derogation that may result in our being able to reduce VAT on fuel in six or seven years.

That is not quite what the shadow Chancellor has been saying recently. On 27 February, on the "Politics Show", he said in respect of additional VAT on road fuel that the Chancellor

> "should say I will reverse that now."

In *The Sun* on 28 February, he stated that the Chancellor should "act now". Again on the "Politics Show", on 13 March, he said:

> "The VAT rise he could reverse immediately and I think he should."

The same morning, on Sky News, he called on the Chancellor to

> "act immediately on VAT…on Wednesday we'll be urging Conservative and Liberal Democrat MPs to join with us in voting in parliament to urge the Chancellor, cut VAT on fuel now and give immediate relief to hauliers and motorists across the country."

When he says "immediate relief" and that we should not wait until the Budget and that we should "act now", what he really means is that we should start a lengthy process that just might, possibly, with a bit of luck and with the consent of 26 other member states, mean that we could take some action in about 2018. As an example of immediate action to help hard-pressed British motorists, that is somewhat lacking in effectiveness.

The cynical view is that the shadow Chancellor knew that that policy would not work, but it was enough for him to have something to say to get in the media. The cynics will point out his vast experience in the Treasury—he is, after all, a man with a past. How, they will ask, could he possibly be so incompetent? I think those cynics are being unfair to him. He could be that incompetent. After all, he has told us that he wants to cut VAT to help hauliers, but hauliers can reclaim VAT. He has talked about the cutting of VAT on fuel in the 1990s, but in fact that was domestic fuel. He has talked about asking for a VAT cut on fuel in rural areas, but now asks for a derogation on fuel duty.

If the Labour party is to have a shadow Chancellor who does not understand the tax system and who makes embarrassing mistakes, they would do a lot better with the previous one, who at least did that with a certain amount of charm. Only at the weekend, the current shadow Chancellor told *The Guardian*:

"My task is to rebuild Labour's economic credibility, but that won't happen in a week".

That will certainly not happen this week. In a desperate attempt to have something to say on a matter of genuine concern, he has come up with a risible policy that is unfunded from next year and that cannot be implemented for years, if at all.

Once again the Labour party has demonstrated that on economic matters, it lacks credibility and competence, and I urge the House to oppose the motion.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 236, Noes 301.

Division No. 231] **[4 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete

Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Lilian Greenwood and Gregg McClymont

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Patel, Priti
Pawsey, Mark
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew

Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mark Hunter and
Mr Shailesh Vara

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)). That the proposed words be there added.

The House divided: Ayes 307, Noes 239.

Division No. 232] **[4.13 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Parish, Neil
Patel, Priti
Pawsey, Mark
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew

Rudd, Amber
Ruffley, Mr David
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Jeremy Wright and Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Green, Kate
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew

Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Lilian Greenwood and Gregg McClymont

Question accordingly agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes that the Government inherited the largest deficit in UK peacetime history and that the previous Government and current Opposition has no credible plan to deal with the deficit; further notes that this Government has already taken steps to support families and that those on low and middle incomes will benefit from April 2011 from a £1,000 increase in the income tax personal allowance, above-indexation increases in Child Tax Credit and that pensioners will receive new 'triple-lock' increases in the basic State Pension; further notes the significant impact on fuel prices in the UK of the dramatic increase in the world oil price to over $100 per barrel and the impact on households and business; notes that the previous Government increased fuel duty no less than four times between December 2008 and April 2010, proposed introducing a fuel escalator from 2011 and planned for a further series of six consecutive fuel duty rises up to 2014; nonetheless recognises the significant impact of high fuel prices on motorists, hauliers and businesses and that the Government is considering a fair fuel stabiliser that could support motorists and businesses when oil prices are high; and in addition notes that a reduction in VAT on fuel would be deemed illegal under EU law and that the Chancellor will update the House on this issue at the time of the Budget.'.

Madam Deputy Speaker (Dawn Primarolo): I now have to announce the result of a Division deferred from a previous day. On the question relating to environmental protection, the Ayes were 282 and the Noes were 20, so the Ayes have it.

[The Division list is published at the end of today's debates.]

NHS Reorganisation

Madam Deputy Speaker (Dawn Primarolo): I advise the House that neither of the amendments has been selected by Mr Speaker. I remind Members that there is a six-minute limit on Back-Bench contributions, and I am sure that when making their opening speeches, both Front-Bench speakers will be conscious of the number of Back Benchers who want to speak in the debate.

4.27 pm

John Healey (Wentworth and Dearne) (Lab): I beg to move,

That this House supports the founding principles of the National Health Service (NHS); therefore welcomes the improvements patients have seen in the NHS and supports steps further to ensure the NHS is genuinely centred on patients and carers, achieves quality and outcomes that are among the best in the world, refuses to tolerate unsafe care, involves clinicians in decision-making and enables healthcare providers to innovate, improves transparency and accountability, is more efficient and gives citizens greater say; recognises however that all of those policies and aspirations can be achieved without adopting the damaging and unjustified market-based reorganisation that is proposed, and already being implemented, by the Government; notes the strength of concerns being raised by independent experts, patient groups and professional bodies about the Government's NHS reorganisation; further notes the similar concerns expressed by the Liberal Democrat Party spring conference; and therefore urges the Government to halt the implementation of the reorganisation and pause the progress of the legislation in order to re-think their plans and honour the Prime Minister's promise to protect the NHS.

We have called this debate because of the growing crisis of confidence in the Government's handling of the health service and the Conservatives' NHS reorganisation, and a growing lack of confidence among independent experts, professional bodies and patients groups. Only one in four of the public back giving profit-making companies free access to the NHS, two thirds of doctors think the reorganisation will lead to worse, not better, patient services, and nearly nine in 10 believe it will lead to the fragmentation of services. When the Prime Minister misquotes me at Prime Minister's Question Time in support of his plans, we know he is desperate and increasingly isolated.

Several hon. Members *rose—*

John Healey: I will give way shortly.

Yesterday the British Medical Association delivered a comprehensive vote of no confidence in the Government's plans. Dr Hamish Meldrum, the BMA chair, said they were

"driven by ideology rather than evidence, enshrined in ill-thought-through legislation and implemented in a rush during a major economic downturn."

On Saturday the Lib Dems did the same. Baroness Williams called the plans "lousy" and a "stealth privatisation". I heard that very good speech for myself at the conference in Sheffield, and I hope that today the House will hear speeches by the hon. Members for Southport (John Pugh) and for St Ives (Andrew George) similar to those that they made to their party conference on Saturday. I must also say to the Minister of State, Department of Health, the hon. Member for Sutton and Cheam (Paul Burstow), that I hope that when he winds up this debate we do not hear the same flat and

[John Healey]

feeble apology that he gave for the Government's plans when he opened the conference debate. He was totally rejected by his party, which told him and his parliamentary colleagues that the Health and Social Care Bill must be amended.

Several hon. Members *rose—*

John Healey: I will give way in a moment.

The test for the Prime Minister is whether the Government's proposals are always under review, as the Health Secretary said on Sunday, or whether this is not about significant changes to the policy, but about reassuring people as the Bill goes through the House, as people in the Department said on behalf of the Health Secretary on Monday.

Mark Pritchard (The Wrekin) (Con): Does the right hon. Gentleman not accept that with an annual budget of £100 billion and rising, there is room for efficiency savings and reform? Why has he set his face against fundamental reform, which even the public accept needs to take place?

John Healey: Nobody can doubt our commitment to the NHS, and to both investment and reform, during our 13 years in office—often in the face of opposition from trade unions. Of course there is room for efficiencies, and there are ways to get much better value for money out of the NHS but, as the Select Committee on Health has said, the reforms will make it harder, not easier, to meet that challenge.

Rehman Chishti (Gillingham and Rainham) (Con): Has the shadow Health Secretary seen the consultation responses to the White Paper, which show widespread support for the reforms?

John Healey: The hon. Gentleman needs to read some of the material for himself, rather than just reading the briefings provided by his Whips and his Front-Bench team. Some of the 52 organisations that this Government and the Health Secretary claim supported the Bill have written to me saying that far from supporting the principles of the Bill, they have "grave concerns" about the White Paper; that was said by the Patients Association. The Chartered Society of Physiotherapy has said:

"We have been very clear that we have grave concerns about the scope and speed of the structural changes proposed".

Diabetes UK, Cancer Research UK, the Royal College of Speech and Language Therapists and others do not take kindly to being misrepresented by Ministers as supporting this Bill when they have such grave concerns.

Mr David Evennett (Bexleyheath and Crayford) (Con): I always thought that the right hon. Gentleman was a reformer at heart, but he obviously is not, given what he is saying today. Why did productivity in our hospitals decline by 15% during the 13 years of the Labour Government, while bureaucracy increased?

John Healey: One of the problems—we all know this, and the new Government will be faced with it in exactly the same way—is exactly how to measure productivity in the NHS. Given the complexity of what is provided for patients—and the requirement to put together packages of care to help people recover from serious illness and live independently is so complex—it is hard to do that. The NHS just is not like a commercial business, which is what this Government want to turn it into.

Henry Smith (Crawley) (Con): Let us consider something more quantifiable. Is the right hon. Gentleman in favour of more or less bureaucracy in the NHS?

John Healey: Let me send the hon. Gentleman a copy of the Labour manifesto, because we set out exactly how we could make significant savings from the bureaucracy.

Nick de Bois (Enfield North) (Con) *rose—*

John Healey: I am just responding to the hon. Gentleman's colleague, so I ask him to be patient. We set out exactly how we could reduce the costs and some of the bureaucracy. Perhaps the hon. Member for Crawley (Henry Smith) could ask his Front-Bench colleagues how bureaucracy will be cut when the function currently carried out by 150 primary care trusts in England will be carried out instead by more than double that number of general practitioner consortia.

Grahame M. Morris (Easington) (Lab): Perhaps the Secretary of State, too, would share his thoughts about how money will be saved on bureaucracy when expenditure on Monitor, which will take on a new economic regulator role under clause 52 of the Health and Social Care Bill, will increase from £21 million a year under Labour to as much as £140 million a year—£500 million over the course of a Parliament. How is that saving money on bureaucracy?

John Healey: My hon. Friend does a great job in ensuring that this Government are held to account on the NHS through the Health Committee. He rightly says that Monitor's budget is currently about £20 million and the impact assessment calculates that that could increase to as much as nearly £140 million—although Monitor's core operating costs are not that entire total, the figure will be at least three times as high as it is now. That is not a decrease in bureaucracy and operating costs, it is an increase. Hon. Members would do well to read some of the documents, rather than the briefings they have been given by their Front Benchers.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): My hon. Friend the Member for Easington (Grahame M. Morris) has told us that Monitor's budget will increase by the amount that he said, but does my right hon. Friend agree that it will continue to increase exponentially, because the Government are opening up the NHS to European competition law, and that competition will grow exponentially year on year?

John Healey: This is such a big and fundamental change to the NHS that £140 million is the best guess. Clearly, as the competition role of Monitor increases and the competition legislation it has to deal with becomes stronger, those costs could increase. We simply do not know, because this is a leap in the dark for the NHS.

Simon Hughes (Bermondsey and Old Southwark) (LD): Having listened to the debate at our party conference on Saturday, the right hon. Gentleman will know that there were strong views that the Bill needed to be

further improved and strengthened, but he will also know that there was no call for it to be pulled or paused. He will also remember that when his party and my party joined together to form the NHS, the doctors were not always on the side of the enlightened.

John Healey: The Liberal Democrats are quick to try to claim credit for other people's successes, and quick to try to duck responsibility for some of the difficult challenges they face. However, the right hon. Gentleman is right—it was the BMA that called yesterday for the Bill to be withdrawn. Our motion calls not for it to be withdrawn but for a pause in its passage through Parliament to give the Government a chance to rethink, exactly as was requested by speaker after speaker at his conference in Sheffield on Saturday, and all but a handful of the members who voted at it.

Several hon. Members *rose—*

John Healey: I am going to make some progress. We are all conscious of your encouragement to do that, Madam Deputy Speaker.

Some say that the Prime Minister and the Health Secretary are failing to get the message across, but from the start they have told only half the story. The Tories did not tell people about their plans for reorganisation and market competition at the heart of the NHS before the election, and they did not tell the Lib Dems about them before they signed the coalition agreement pledging that there would be no NHS reorganisation. There is no mandate from the election or the coalition agreement for this fundamental reorganisation and far-reaching legislation. They will not be straight with people about their plans. This is not just about communication; it is about judgment. In the face of widespread warnings, they are forcing through at breakneck speed the biggest reorganisation in the NHS's history.

Nadhim Zahawi (Stratford-on-Avon) (Con): The right hon. Gentleman wisely started by saying that there is room for reform. The right hon. Member for Edinburgh South West (Mr Darling) had plans in his Budget for a 20% cut in the NHS. Will the shadow Secretary tell us which bit of the NHS he would cut to deliver that 20%?

John Healey: There is someone else who needs a copy of the Labour manifesto. He almost used his six minutes' allocation to make that intervention.

Several hon. Members *rose—*

John Healey: I am going to move on. If that is the best the Conservatives can do, I am going to move on.

The truth is that the more people see of the plans, the less they like them. The closer they look the more concerned they become, because they start to see far-reaching changes at the very heart of this reorganisation and legislation. These are the wrong reforms for the wrong reasons at the wrong time. As our motion says, and as the Lib Dem conference motion said, most people would agree on the declared and desirable objectives—indeed, that is the direction in which the Labour Government were heading—but those aims could be better achieved without this huge internal reorganisation and, as the Lib Dem conference motion stated,

"without adopting the damaging and unjustified market-based approach that is proposed."

Steve McCabe (Birmingham, Selly Oak) (Lab): Does my right hon. Friend agree that there is room for reform, but not room to risk the GP-patient relationship? Dr Gerada and the Manchester business school have both highlighted that there is a risk that bonuses and profits could be put above diagnoses and treatment.

John Healey: My hon. Friend is right: this reorganisation and legislation leave no part of the NHS untouched. One big concern is that when GPs are making both rationing and referral decisions at the same time, patients will start to ask whether their GP is making a judgment about their treatment in their best interests or in the best interests of his or her budget and consortia business. That can hit at the trust at the heart of the patient-doctor relationship.

Sajid Javid (Bromsgrove) (Con): I thank the right hon. Gentleman for giving way so generously. He has mentioned the Labour manifesto twice, and I just happen to have a copy of it. It says that Labour will support a

"role for the independent sector",

encourage any willing provider, make all hospitals foundation trusts and give them the

"freedom to...increase their private services".

On that basis, will he explain why he and the leader of the Labour party, who I believe to have been the author of that manifesto, are reneging on that position?

John Healey: We were doing what the manifesto said before the election. *[Interruption.]* We were doing it where the private sector and competition could add capacity to clear waiting lists, or do something new that the NHS was not doing. We did it in circumstances that were carefully planned, properly managed and always publicly accountable. If the hon. Gentleman is going to swallow the guff from those on his Front Bench that this is somehow an evolution of Labour's policy, he will have to ask the Health Secretary why he needs legislation that is more than three times longer than the Act that set up the NHS in the first place.

Why do we say what we do in the motion before the House? In truth, this is a Tory reorganisation, and the legislation has been mis-sold. It is not just about getting GPs to lead commissioning or looking to cut layers of management; it is setting up the NHS as a full-scale market driven by the power of the competition regulator and the force of competition law. The reorganisation and legislation is designed to break up the NHS, open up all areas of the NHS to private health companies, remove requirements for proper openness, scrutiny and accountability to the public and to Parliament, and make the NHS subject to both UK and European competition law. The Tories are driving the free market political ideology through the heart of the NHS.

The Secretary of State for Health (Mr Andrew Lansley): On precisely that point about scrutiny and accountability, we have been talking about independent sector providers. Under Labour, if scrutiny committees in local authorities wanted to investigate the activities of independent sector providers they could not do so. Under our legislation, they will be allowed to do so. Wherever NHS money—the public pound—goes, scrutiny will be able to follow. That is a change for the better.

John Healey: That is simply not true. The people who will make the big decisions about £80 billion of spending—the GP consortia—will not need to meet in public or to publish minutes of their meetings. They will not be subject to scrutiny by this House or proper public accountability.

Let me turn now to the question of subjecting the NHS to UK and European competition law. The Prime Minister clearly did not know about that at Prime Minister's questions today—he clearly did not know that a third of his legislation sets up this new free market NHS. Perhaps the Health Secretary has only told him half the story about the legislation—

Mr Lansley: Will the right hon. Gentleman give way?

John Healey: Shall I finish what I have to say? Then I will give way. If the Health Secretary has not told the Prime Minister, he certainly has not told the public or this House, so let me spell it out—*[Interruption.]* The Health Secretary says that I have made it up, but why not wait for me to explain to the House, and then he can say whether what I am about to explain to the House is in my words or his?

Clause 52 of the Health and Social Care Bill, entitled "General duties", sets up the new competition regulator, Monitor, and says:

"The main duty of Monitor in exercising its functions is to protect and promote the interests of people who use health care services—

(a) by promoting competition where appropriate, and

(b) through regulation where necessary."

The new regulator is given legal competition powers, as well as functions under the Competition Act 1998 and the Enterprise Act 2002, and there are provisions on reviews by the Competition Commission and co-operation with the Office of Fair Trading.

Mr Lansley: Will the right hon. Gentleman give way?

John Healey: The Secretary of State can speak in a minute; I will finish this point. The regulator can investigate complaints about competition, force services to be put out to competitive tender, remove licences and fine the commissioner or provider up to 10% of their turnover. Helpfully, the Government's new chair of Monitor confirms that. In *The Times* last month, he said:

"We did it in gas, we did it in power, we did it in telecoms, we've done it in rail, we've done it in water, so there's actually 20 years of experience in taking monopolistic, monolithic markets and providers and exposing them to economic regulation".

Mr Lansley: It is dead simple: the Health and Social Care Bill does not extend the application of EU competition law, or the application of domestic competition law. The powers given to Monitor as a sector regulator are the same as those now available to the Office of Fair Trading. The Bill does not change the scope of competition law at all.

John Healey: The right hon. Gentleman was involved, so he knows better than anyone else that the Tories are now setting out to do to the public services, including the NHS, what they did to the public utilities in the 1980s.

Several hon. Members *rose—*

John Healey: Let me finish. The Government's explanatory memorandum is helpful on the issue of EU law. It says, about chapters 1 and 2 of the Bill—the one third of the legislation that sets up the new competition system—that

"The Chapter 1 and Chapter 2 prohibitions are modelled on Articles 101 and 102 of the Treaty on the Functioning of the European Union which prohibit agreements that prevent, restrict or distort competition, and abuse of a dominant market position.

Monitor would have concurrent powers with the OFT to conduct investigations where it had reasonable grounds for suspecting that either of these two prohibitions—under either UK or EU law—had been infringed in the provision of health services in England."

That means that a competition challenge in the NHS can be taken all the way to the European Court.

Helpfully, under pressure in Committee yesterday, the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns), confirmed that

"As NHS providers develop and begin to compete actively with other NHS providers and with private and voluntary providers, UK and EU competition laws will increasingly become applicable."—*[Official Report, Health and Social Care Public Bill Committee,* 15 March 2011; c. 718.]

As GP consortia will be corporate bodies, not public sector bodies, and as hospitals will be competing with each other, will have no limit on treating private patients, and will have no support from the wider NHS if they run into financial problems, they will be bodies to which the EU competition rules and legislation apply. That means that the NHS will be tied up in the red tape of market regulation and competition law, and we risk decisions about who provides our health care services being taken not in England by GPs or Ministers, but in Brussels by the European Commission, and in Luxembourg by the European Court.

Margot James (Stourbridge) (Con): The right hon. Gentleman has already acknowledged that competition and markets were a hallmark of the Labour Government; they took them far further than the previous Conservative Government ever did. Of 475 acute care sites providing elective care, 175 are independent sector providers. The Bill proposes making the competition fair and putting it on a level playing field. No longer will we allow the private sector to be as favoured as it was under the Labour Government.

John Healey: This is a debate. People in the country and in the NHS are worried not about what we did in government—they saw the massive improvements under Labour—but about the application of competition law, domestic and European, in full force to the NHS for the first time. The hon. Lady is serving on the Public Bill Committee. She will have the chance to get her head around that, as she clearly has not done so yet.

Owen Smith (Pontypridd) (Lab): My right hon. Friend has anticipated the point that I was going to make. As we heard clearly in Committee yesterday—the Secretary of State ought to read the *Official Report*—his Minister, the right hon. Member for Chelmsford (Mr Burns), let the cat out of the bag. Hitherto the NHS has been insulated from European competition law. As there are

more entrants to the market, competition law will have to apply—competition red in tooth and claw—followed by the break-up of the NHS.

John Healey: My hon. Friend is right. We have misinformation and confusion. If the Health Secretary disagrees with his Health Minister, I suggest that they have a word about it after the debate.

In the end, perhaps Nye Bevan was right. When Clement Attlee suggested that the NHS opening should be celebrated as a national institution supported by the whole nation, he said, "The Conservatives voted against the National Health Act, not only on second but the third reading. . . I don't see why we should forget this."

It is time for the Health Secretary to tell us why he is spending £2 billion on an NHS reorganisation when front-line staff and services are being cut. How many hospitals will be forced to close because of these reforms? Why is he handing such powers over our NHS to new national quangos, competition lawyers and the EU? Why is there no democratic voice in commissioning? Why is he allowing profit to be made in commissioning essential health services? Why is he removing any limit on private patients paying to jump the queue for treatment in NHS hospitals?

Several hon. Members *rose—*

John Healey: It is time the Health Secretary told us who is fully in support of the NHS reorganisation and the legislation. NHS staff, dedicated to the part that they play in our NHS, will strive to keep things going whatever the pressures, but patients are starting to see operations cancelled, waiting times rise, hospital services at risk, front-line staff jobs cut and services cut. This is not what people expected when the Prime Minister said that he would "protect the NHS". Instead, they are seeing the Prime Minister's NHS promises to "protect front-line services", to "give the NHS a real rise in funding", and to "stop top-down reorganisations that get in the way of patient care" all broken. The NHS was the Prime Minister's most personal pledge. It is now becoming his biggest broken promise.

Now is the time to listen to the chorus of criticism and concern, and to recognise the growing crisis of confidence in the Government's handling of the health service. Now is the time to call a time out, pause the passage of the Bill in Parliament, and think again. I commend the motion to the House.

4.53 pm

The Secretary of State for Health (Mr Andrew Lansley): The Labour motion is interesting. I will ask the House to reject it, but it is an interesting motion. The first half of it accepts the principles of our reforms—it even does so in the same terms in which we have expressed them—but in the second half it goes on to say, "Not yet. Don't make us do it yet." Labour Members are turning their backs on the change that we need in the national health service and even on the policies they pursued in government.

But it is time for change. The public agree—65% of adults in England think that fundamental changes are needed in the national health service. The need to improve results for patients demands it. The need to empower clinical leadership demands it. The need to cut bureaucracy and invest in front-line care for patients demands it. As a coalition Government, we do not shirk our responsibilities. We have been absolutely clear that the NHS will remain free at the point of need, paid for from general taxation and based entirely on need and not on the ability to pay.

Those values are not, and never will be, threatened by this Government. The Health and Social Care Bill will not undermine any of the rights in the NHS constitution. It is for those same reasons that we, in a coalition Government, are protecting the NHS in the life of this Parliament by increasing NHS funding by £10.7 billion.

Clive Efford (Eltham) (Lab): Will the Secretary of State distance himself from the comments of Dr Charles Alessi, a GP alleged to have been one of the architects of GP commissioning in this Bill and one of the people invited to No. 10, who is of the opinion that too many people in his area are receiving treatment for macular degeneration? Is that not rationing services and nothing whatsoever to do with providing them on the basis of clinical need?

Mr Lansley: All GPs and their colleagues who were part of the first wave of pathfinders were invited to No. 10—there were far more than we ever expected—and Charles Alessi was one of them. It is a complete illustration. I do not know what Charles said or why he said it, but he is the doctor, not me. Frankly, I think that it is clinical leaders in the NHS who are responsible for what they say, not me.

Nadhim Zahawi: Does my right hon. Friend agree that the way in which the Opposition are conducting themselves, when they proposed a 20% cut to the NHS, is scaremongering among our constituents and entirely irresponsible?

Mr Lansley: My hon. Friend makes an extremely good point, and he made it to the shadow Secretary of State, who did not answer it.

Grahame M. Morris (Easington) (Lab): Will the Secretary of State give way?

Mr Lansley: No.

The fact is terribly clear that before the election the Labour Government said that in three years the NHS would have to save between £15 billion and £20 billion. The Labour party never said in government that that money, if saved in the NHS, would be reinvested in the NHS. The other point is that when we came to the spending review, in which we agreed £10.7 billion extra for the NHS over the life of this Parliament, the shadow Secretary of State's friends, who were then responsible, said that we should cut the NHS. We do not need to speculate about what they said they would do, because we can look at the example of Wales. The Labour-led Welsh Assembly Government are proposing to cut the NHS budget in Wales by 5%, while we are increasing it. We know exactly what Labour would do if they were in charge of the NHS: they would cut it. We have not cut it and are going to protect it.

Simon Hughes: I share absolutely my right hon. Friend's view that the protection of the budget and the commitment to the principles of the NHS, which he has just enunciated,

[Simon Hughes]

are really valuable and that Labour's record in forcing privatisation undermines its whole argument. He knows that there are concerns. Having come back from the debate in my party, I ask him straightforwardly whether he will take on board the concerns expressed and look at ways to strengthen and further improve the Bill as it passes though this House and the House of Lords.

Mr Lansley: My right hon. Friend was busy in Sheffield over the weekend, but he might have heard me say on Sunday that where there are legitimate concerns, founded in reality rather than myth, about how we will secure the NHS and its modernisation for the future, we will listen. We have listened and changed the policy before the Bill was introduced. We have already amended the Bill during the course of its passage so far and will always look to clarify and improve it as it proceeds.

Michael Dugher (Barnsley East) (Lab): Will the Secretary of State give way?

Mr Lansley: I will give way to the hon. Gentleman, and perhaps he can explain why the Labour party leading the Welsh Assembly Government will cut the NHS by 5% while we are going to increase the budget by £10.7 billion.

Michael Dugher: I might be new to Parliament, but we ask the questions and he is supposed to answer them. The Secretary of State knows full well that patient groups, health charities, doctors and nurses oppose the Bill—even that shower opposite opposed it at their conference. Is it not just arrogance on the part of the Government—

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Gentleman needs to moderate his language. I would grateful if he withdrew the word "shower" and thought of another way to make his point that uses parliamentary language.

Michael Dugher: I withdraw "shower".

Is it not just arrogant for the Government to think that everybody else is wrong and they are right—

Madam Deputy Speaker: Order. It was not an opportunity to ask another question, either.

Mr Lansley: The hon. Gentleman has now learned that, if one is trying to pray somebody in aid, it is best not to insult them at the same time.

We have made it clear that we need to protect the NHS now and for future generations through modernisation. Under the Labour party—

Owen Smith: Will the right hon. Gentleman give way?

Mr Lansley: Ah! Now we really do have somebody who can explain why in Wales the Labour party is cutting the NHS budget while we are increasing it. Come on!

Owen Smith: That is happening as a result of the very difficult decisions being taken in Wales, having seen the Welsh Assembly budget cut by £1.8 billion by the right hon. Gentleman's Government. What we are not doing in Wales, however, is effectively privatising the NHS, exposing it to competition law or stuffing the mouths of private companies with public gold.

Mr Lansley: Let us remember that, when we decided to support the NHS here, through the Barnett formula by extension, money was provided to the devolved Administrations, but the hon. Gentleman confirms that a Labour-led Welsh Assembly Government chose not to invest in the NHS, while we in England chose to do so. I urge Welsh voters to remember that when they come to the elections in May.

Under the trade union thumb, Labour is turning its back on modernisation in the NHS, but the NHS cannot be preserved for the future and protected by neglect; it is not something that sits in a static format. It has to change to improve. When the number of managers in the NHS doubled under Labour, when results for patients in many conditions remain way below those achieved in other countries, and when the number of patients placed in mixed-sex accommodation runs into the thousands every month, the NHS needs to change.

Brandon Lewis (Great Yarmouth) (Con): Does my right hon. Friend agree that some GPs are seeing the potential benefits to their local areas of improving the service for patients, and will he join me in congratulating GPs, such as those in Great Yarmouth, who are moving forward, several years ahead of schedule, with the pathfinder projects?

Mr Lansley: Yes. My hon. Friend will know that we have already arrived at the point where 177 GP groups, representing 35 million patients all over England, have volunteered as pathfinders to show how they can demonstrate such work. *[Interruption.]* Labour MPs who are insulting general practitioners might like just to remember—

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Come on; we want to see the debate continue. A lot of Members want to speak and to intervene, but we cannot have so many of them on their feet at once.

Mr Lansley: I remember that if we ask the public whom they trust in public service, we find that general practitioners are at the top of the list. Members of Parliament and politicians are pretty near to the bottom of the list, so the public might take it pretty amiss that Labour politicians are insulting general practitioners by thinking that they are in it for the money. They are not; they are in it for the patients.

Kate Green (Stretford and Urmston) (Lab): Will the right hon. Gentleman give way?

Mr Lansley: No.

Clive Efford *rose—*

Mr Lansley: No. I have given way to the hon. Gentleman. Only yesterday—

Joan Ruddock (Lewisham, Deptford) (Lab): Will the right hon. Gentleman give way?

Mr Lansley: In a moment.

Only yesterday, the Public Accounts Committee said that over the past 10 years the productivity of NHS hospitals had been in almost continuous decline, and that taxpayers were getting less for every pound invested in the NHS: Labour, leaving us to sort out the mess. The truth of the matter is that the NHS needs to change to meet the rising demand for and cost of health care.

The changes that the NHS needs are simple: more investment, less waste, power to front-line doctors, nurses and health professionals, and to put patients first.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): Will the right hon. Gentleman give way?

Mr Lansley: No. I will give way to the right hon. Member for Lewisham, Deptford (Joan Ruddock) first.

Joan Ruddock: The right hon. Gentleman speaks of the respect that patients have for their GPs, and that is certainly the case in my area, where GPs do an incredibly difficult and demanding job. How does he think, therefore, patients and the doctors themselves regard the pressure being put on them to become managers, to adopt skills that they do not have, and being forced to do it, when they say to me that the plans are untested, potentially divisive and will take them away from their patients? Those things are actually happening. Does he think that it is ethical to pay GPs £300,000 to cut services to patients?

Mr Lansley: The Royal College of General Practitioners has said that it believes that there should be more clinician-led commissioning, and yesterday the British Medical Association reasserted its view that general practice-led commissioning is the right way forward. The Labour Government set up practice-based commissioning but, as the shadow Health Minister, the hon. Member for Leicester West (Liz Kendall), said, GPs were not given the power, responsibility and opportunity to do it. I am afraid that the right hon. Member for Lewisham, Deptford is speaking against the evidence and the experience of GPs all over the country.

Andrew Bridgen (North West Leicestershire) (Con): Does my right hon. Friend agree that the words of the shadow Secretary of State in this debate seem to contrast somewhat with his words back in January, when he said that

"the general aims of reform are sound—greater role for clinicians in commissioning care, more involvement of patients, less bureaucracy and greater priority on improving health outcomes"?

Why does my right hon. Friend think he has changed his mind?

Mr Lansley: I think I know why he has changed his mind.

Nadhim Zahawi: Opportunism.

Mr Lansley: Yes, that is one possibility. Another is that Labour Members are paid for by the trade unions.

Our changes are driving real improvement. Our investment means that more than 1,300 patients are now getting the life-extending cancer drugs they need; that is investment in cancer drugs that the Labour party opposed.

Mr John Baron (Basildon and Billericay) (Con): My right hon. Friend is absolutely right to make no apology about the need for reform when cancer outcomes in this country remain well below the European average. The all-party group on cancer and, most recently, the Public Accounts Committee have made the case for recording staging data, which provide an insight into early diagnosis. Will he assure the House that, under these reforms, the importance of this issue will be pursued by the Government?

Mr Lansley: Yes. I am grateful to my hon. Friend and pay tribute to his work in this area, which is much respected. He is absolutely right—we will be doing that. Indeed, we can see the benefit already. A few weeks ago, I launched the bowel cancer awareness campaign in the east of England. The reason we were able to start that awareness campaign in that region is that we had good staging data arising out of the cancer networks in the area, which means that we will be able to make valid comparisons between the past and the future in terms of the stage at which patients are presenting for diagnosis of cancer.

Tom Blenkinsop *rose—*

Owen Smith: Will the Secretary of State give way?

Mr Lansley: No, I have given way to the hon. Gentleman before. *[Interruption.]* He only gets one shot.

Let me make it very clear. Our cuts in bureaucracy—

Several hon. Members *rose—*

Mr Lansley: No, I will not give way—Labour Members might like to hear this.

Our cuts in bureaucracy have led to 2,000 fewer managers since the general election and 2,500 more doctors. We are already shifting resources to the front line. More than 5,000 surgeries across the country are now part of the pathfinder groups taking responsibility for front-line services. Some 25,000 front-line NHS staff are taking the opportunity to come together in social enterprises. All this is the modernisation that Labour now opposes. It is the modernisation that is delivering the results that matter, and will matter in future even more as we get to the outcomes that people really care about—whether they live, whether they recover, whether their treatment is successful, whether they have successful lives at home with long-term conditions.

At the same time, waiting times are stable and hospital infections are down, with C. diff down by a fifth and MRSA down by more than a quarter. The number of patients who are in mixed-sex accommodation when they should not be has also come down.

Mrs Anne Main (St Albans) (Con): Does my right hon. Friend agree that we should totally dissociate ourselves from the disgraceful remarks implying that our reforms will somehow encourage GPs to make choices that are not best for their patients?

Mr Lansley: My hon. Friend makes a very important point. I caution Labour Members not to put political opportunism in place of the relationships that they should have in future with GPs, doctors and nurses and local foundation trusts in their constituencies. They are not speaking for their constituencies—they are just speaking for the trade unions.

The coalition Government are listening to patient groups, professional bodies and independent experts. We have had eight separate substantial consultations on our proposals, and we have changed policy as a result. For example, we have amended the Health and Social Care Bill on an important point, which greatly concerned the BMA, and clarified that the measure supports competition on quality, not price. At the point when a patient exercises choice or a GP undertakes a referral, the price of providers will be the same. By extension, competition must be on the basis of quality. That is important.

Malcolm Wicks (Croydon North) (Lab): Given the removal of the limit on private patients who can go to an NHS hospital, my constituents will be concerned that, in conditions of scarcity, clinical need for a bed will be trumped by the weight of a wallet. Will the Secretary of State reassure my constituents that money will not trump the needs of patients?

Mr Lansley: Yes. I can entirely reassure the right hon. Gentleman's constituents because the Bill makes it clear that even if private patient income is available to foundation trusts, it must support the principal purpose, which is provision of services to patients through the NHS. If the right hon. Gentleman wants an example, he might like to go along the road into the constituency of the Minister of State, Department of Health, my hon. Friend the Member for Sutton and Cheam (Paul Burstow), and meet people from the Royal Marsden, which is a foundation trust that attracts, from memory—I may not be entirely up to date—approximately 25% of income from private patients. It has consistently recorded the highest scores of excellence for its quality of service to patients.

Several hon. Members *rose—*

Mr Lansley: I want to make progress. I have given way several times.

The right hon. Member for Wentworth and Dearne (John Healey) said that we planned to get rid of regional system management in the NHS, but that was Labour's policy when it introduced NHS foundation trusts. Through introducing health and well-being boards in local authorities, we will have a genuine, system-wide view that looks at the NHS, public health and social care. He complains about the commercial insolvency regime, but Labour introduced that under the legislation that set up the foundation trusts eight years ago. He said that our plans introduce EU competition law. No. EU competition law already exists and the Bill does nothing to change that—it does not extend the application of competition law. *[Interruption.]* No, it does not. In Committee, the Minister of State, my right hon. Friend the Member for Chelmsford (Mr Burns), explained the current position, which the Bill does not change.

The right hon. Member for Wentworth and Dearne and other Labour Members talk about price competition. We have clarified the Bill to ensure that the competition is on quality. What happened under Labour? The private sector was paid 11% more than the NHS. Under Labour, private sector providers were paid £250 million for operations that they did not perform. Under Labour, NHS hospitals were barred from tendering to provide the capacity that Labour offered to the independent sector. Labour Members favoured the private sector. A Liberal Democrat manifesto commitment stated that we would not in future allow the private sector to be given advantages and the NHS to be shut out. We will implement that.

I want to know a bit, because although the right hon. Member for Wentworth and Dearne said that it was the Opposition's job to ask questions today, I have done many Opposition day debates on health when I was asked many times what our policy was, and I answered those questions. Is it Labour's policy to extend the use of voluntary sector providers in the NHS? That was in the Labour party's manifesto. Indeed, Labour said that it wanted to use the independent private sector, too. Is it still the policy? No answer. We do not know. Is it Labour's policy to make every trust an NHS foundation trust? Again, it was in the Labour party manifesto. Is it still the Labour party's policy—yes or no? No answer. Again, we do not know. Is it Labour's policy to promote competition in the NHS, as quoted from the Labour party manifesto in the debate? The right hon. Gentleman has just made a speech opposing that. Does he wish to intervene?

John Healey: I am grateful to the Secretary of State for giving way. We had the NHS as the preferred provider and were ready to use other providers when they could help, and we did so. The great improvements in the NHS happened because we were prepared to put in the investment and to make the reforms. The Secretary of State talks about policies. The problem with what he is doing to the NHS—the reorganisation, the legislation and the ideological change at the heart of it—is that he did not tell the people about it before the election and he did not tell the Lib Dems about it before they signed the coalition agreement. This top-down reorganisation is exactly what he promised not to do.

Mr Lansley: The right hon. Gentleman was not satisfied with his first speech, so he had to have a go at a second one. He did not answer any of my questions. The Labour party said in its manifesto that it would use the private and voluntary sectors alongside NHS providers. The reason for that was simple: having the NHS as the preferred provider meant that the patient could be let down time after time before another quality provider could be permitted. We are going to allow competition on quality, but the quality has to be there. Patients will get the best possible service from whoever is best placed to provide that care.

Our changes are being seen across the country already.

Mr Edward Leigh (Gainsborough) (Con): This party political ding-dong is great fun, but what worries me is that we have an ageing population, there are rightly more and more expensive techniques, and the taxpayer cannot put any more money in. Who is going to save the NHS if there is no co-operation with the private sector?

Mr Lansley: Over many years as Chair of the Public Accounts Committee, my hon. Friend challenged the failure of the previous Government to secure the improvement and value for money that is necessary patients. I make no bones about it: I think that if we give NHS organisations freedom and opportunity through foundation trust status, they will be competitive. I do not think that we will see a big expansion in the number of private sector providers, because the NHS has the enterprise and innovation to succeed. However, we have to make sure that they are open to that test. We test whether voluntary and independent sector providers meet the right quality, and we must expose the NHS to that test.

Several hon. Members *rose—*

Mr Lansley: No. We will hold the NHS to account— *[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The Secretary of State has decided that he is not going to give way. That is his decision. He has given way already. We need to have a little less noise so that we can hear the Secretary of State.

Mr Lansley: Thank you, Mr Deputy Speaker. I have to conclude to ensure that we do not trample on Members' time.

We will hold the NHS to account for what it achieves, but not tell it how to achieve it. We want continuous improvements in outcomes and more personalised care. We are going to change accountability in the NHS. In the past, the only question in accident and emergency was whether people were seen within four hours. We will ask whether a patient was seen by the right person, whether the quality of care they received was appropriate, and whether they recovered. From April, we will know those things for the first time. On mental health, we will ask whether we are helping people with serious mental health problems to live longer, and whether we are helping them to get a job. We will ensure that we find out those things and that we know which services provide the right care.

Beyond the NHS, we will make changes that increase accountability. As of today, 134 local authorities with social care responsibilities—almost 90% of such local authorities in England—have signed up to be early implementers of health and well-being boards. Those are the bodies that will finally tear down the walls between the NHS, public health and social care; and they will strengthen local accountability to the public and patients. Local authorities will finally have the powers that they need to scrutinise all NHS-funded providers of care, be they public, voluntary or private sector providers.

The coalition Government were elected to protect the NHS and that is what we are doing. We are protecting the NHS in this Parliament through increased investment, and protecting it for future generations through modernisation. We need an NHS in which every system, process and incentive encourages excellence in health care and weeds out poor performance. Labour now opposes that. It has turned its back on the NHS. It wants to drag the NHS back into politics; I want the NHS to be freed from political interference so that it can deliver the best possible care and results for patients. This Government will always support the NHS. We have a simple aim: to create an NHS that is up there with the best in the world. Our modernisation plans will do just that.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I remind Members that there is a six-minute limit.

5.19 pm

Rosie Cooper (West Lancashire) (Lab): I have spoken in this place on several occasions about the deeply disturbing reforms that the Government are proposing to our national health service. On those occasions I have accused the Secretary of State of glibness and hubris, and as each day passes, as each new piece of information comes to light and as we scrutinise the detail of the Health and Social Care Bill, he proves my assertions right. He currently presides over what I can only describe as an unholy mess that will have huge negative consequences for the NHS and the people who love it and depend on it.

I tell the Secretary of State that the Opposition have seen through his plans, and the Liberal Democrats, who are on his side of the Chamber, see through them as well. Many of his colleagues are very nervous about them, and yesterday the British Medical Association and medical professionals made a clear and unequivocal statement that they, too, see through them. As the plans unfold further, I can tell hon. Members that patients and the British public see through them as well.

Despite the broken promises, the Secretary of State and the Prime Minister seem to think that their NHS reforms are a good idea. I am not sure that they are 100% convinced, though, given that they did not seem confident enough to share the details of their plans with the British public before the general election. In fact, the Prime Minister was very clear in his promise to the British people:

"no more pointless top-down reorganisations"

of the NHS. He even said:

"When your family relies on the NHS all of the time—day after day, night after night—you know how precious it is."

How quickly forgotten those words were.

Some people felt reassured that, whatever else might happen if the Tories were elected, the NHS would be left untouched. How wrong they were. Today we find the NHS in a state of turmoil and facing massive reorganisation, with hundreds of health workers laid off and its very future threatened by a desire to set up a commercially driven market in health care. This very lunchtime, the Prime Minister said, "We are not reorganising the bureaucracy of the NHS. We are abolishing the bureaucracy of the NHS." The bit he left off was that private providers would be doing that work. Who is he kidding?

Graham Evans (Weaver Vale) (Con) *rose—*

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con) *rose—*

Rosie Cooper: I give way.

Graham Evans: I thank the hon. Lady—

Rosie Cooper: No, I was giving way to—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The hon. Lady will have to sit down during the hon. Gentleman's intervention.

Graham Evans: I am new to the House, but I seem to recall the right hon. Member for Leigh (Andy Burnham), who was then the Secretary of State for Health, saying that we should

"celebrate the role of the private sector in the NHS."

What has changed for Labour Members? *[Interruption.]*

Rosie Cooper: I am sorry, I did not hear the end of that.

Graham Evans: When he was Secretary of State, the right hon. Member for Leigh said that we should be celebrating

"the role of the private sector in the NHS".

What has changed since he made that comment?

Rosie Cooper: The health service was not an issue at the general election, and why? Because people broadly supported it and were not worried about the state that it was in. Government Members must listen to the furore that will happen and prepare to defend their seats in light of the decisions that they take now.

Mr Steve Brine (Winchester) (Con): Will the hon. Lady give way?

Rosie Cooper: No, I have very little time now.

I believe that what Michael Portillo said on the BBC's "This Week" programme was an accurate reflection of how the Government have sought to mislead the people of this country. When asked by Andrew Neil why the Government had not told us about the plans for the NHS prior to the general election, he responded:

"Because they didn't believe they could win the election if they told you what they were going to do. People are so wedded to the NHS. It's the nearest we have to a national religion—a sacred cow."

He could not have been more clear: the Government intended to misrepresent their position and to mislead voters.

As I have said previously, this Conservative Government have been prepared to play to the gallery while playing Russian roulette with the future of people's health services. That is still the case, but the gallery is now empty. They are on their own and have no mandate—

Mrs Main: On a point of order, Mr Deputy Speaker. On two occasions the hon. Lady has accused the Government of misleading the public. I cannot believe that that is the case, and I am sure she would like to withdraw those remarks.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. That is not a point of order, because the accusation was not against individual Members.

Rosie Cooper: Oh how the truth hurts! Michael Portillo could not have been more clear that the Government intended to misrepresent their position and to mislead voters.

I believe very clearly that you are playing Russian roulette with people's futures, but the gallery is empty and you are on your own. I still believe that you have no mandate for these ill-advised reforms. You do not have that support, and it seems to me you do not have a clue—*[Interruption.]* It is impossible to make a speech with that noise.

I shall just recap. I do not believe that you have any mandate for these reforms. You do not have the support out there and it seems to me that you do not have a clue. For goodness' sake, stop now before you kill the NHS.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. May I just remind Members that the Chair is not responsible? I would be pleased if we did not use the word "you".

5.27 pm

Mr Stephen Dorrell (Charnwood) (Con): I serve on the Select Committee on Health with the hon. Member for West Lancashire (Rosie Cooper), which I enjoy doing. If I may say so, her speech was uncharacteristically partisan, but I guess that that is the nature of debate on the Floor of the House.

The motion moved by the right hon. Member for Wentworth and Dearne (John Healey), the shadow Health Secretary, has a clear, simple message: "Frank was right." For 20 years, every Health Secretary—starting with my right hon. and learned Friend the Member for Rushcliffe (Mr Clarke) and including me and my right hon. Friend the current Health Secretary—with the exception only of the right hon. Member for Holborn and St Pancras (Frank Dobson), has espoused the principles that underlie the Health and Social Care Bill.

The motion is an apologia from the Labour party to the right hon. Member for Holborn and St Pancras, for whom I feel rather sorry. He was roundly rubbished by his party in opposition, and now he is being canonised. As in the Roman Catholic Church, it is better that you are dead if you are to be a saint in the Labour party. I did not agree with him when he was in office, and nor do I agree with him now.

As my right hon. Friend the Secretary of State said, the truth is that the principles in the Bill are principles that every Labour Health Secretary, with the exception of the right hon. Gentleman, sought to carry out in office. Let us go through them. GP-led commissioning was one of the first principles that Labour espoused in 1997. My right hon. Friend rightly refers to practice-based commissioning, but that was actually the previous Government's second attempt to introduce GP-led commissioning, which happened after the first attempt—primary care groups—had failed. The previous Government tried twice to apply the principle that they espoused; my right hon. Friend is trying once again.

Tom Blenkinsop: The Bill gives primacy to Monitor, which makes economic decisions. It does not give primacy to quality under the Care Quality Commission. Primacy will go to Monitor, which will make economic decisions on what health treatment people receive.

Mr Dorrell: I understand the point, and it is part of the argument that the Labour party has started to make about how, since Christmas, it has suddenly discovered that the Health and Social Care Bill and the policy that

it implements—a policy based on commissioners having choices in the interests of taxpayers and patients—require commissioners to have those very choices if the policy is to be effective. As my right hon. Friend the Secretary of State said, the principle of competition for commissioners' budgets, as funded by the taxpayer, was set out by the last Government in their policy of December 2007. Hon. Members should look at the text—it is there in the record.

The last Government were right. The right hon. Member for Wentworth and Dearne seeks to set up an Aunt Sally when he says that there is something wrong with European principles of competition law when applied to health care. Let us be clear: if we are spending £100 billion of taxpayers' money on securing high-quality health care on the principle of equitable access, what is wrong with insisting on the principle that we should not allow monopolists to restrict the choices available for using that budget to deliver high-quality care for patients? That is the principle, and that is why I am in favour of competition law applying to the provision of health care in response to a tax-funded budget.

Nadhim Zahawi: Does my right hon. Friend agree that this is political opportunism of the worst kind?

Mr Dorrell: It is, but it is not even political opportunism that applies to a popular principle. Surely opportunism is normally motivated by some popular principle, yet defending the interests of a monopolist does not seem to me to be a very popular principle.

Grahame M. Morris: Will the right hon. Gentleman give way?

Mr Dorrell: I will give way to the hon. Gentleman, who is another member of the Health Committee.

Grahame M. Morris: I am doubly honoured, because the right hon. Gentleman has afforded me a courtesy that the Secretary of State would not. The concept of having greater clinical engagement—not just for GPs, but for doctors in secondary care—enjoys broad support across the parties. However, the framework laid out in the Health and Social Care Bill opens the service up to privatisation.

Mr Dorrell: I thought that the hon. Gentleman was going to make the point that he has made in the Select Committee—a point with which I agree—that the purpose of GP-led commissioning is to engage the entire clinical community, not just GPs, in the commissioning process. That is a principle that my right hon. Friend the Secretary of State agrees with. It is also a principle that Sir David Nicholson has made clear will be part of the principles that will be expected to be applied in GP-led commissioning consortia.

Before the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) led me down the road of competition policy, I was going through the principles that are consistent across the health policies implemented by all Health Secretaries since 1990, with the single exception of the right hon. Member for Holborn and St Pancras.

Mr Brine: Will my right hon. Friend give way on that point?

Mr Dorrell: If my hon. Friend will forgive me, I will not.

There are two other important principles, one of which was espoused by the hon. Member for Leicester West (Liz Kendall) when she worked for Patricia Hewitt. That is the principle that all NHS providers should be foundation trusts, in order to provide a level playing field, and to ensure that commissioners have a fair choice and that we deliver good value, high-quality care for patients. Finally, there is the principle of "any willing provider", where the Labour party provided us not only with a policy, but with a slogan and an election commitment to implement that policy. Now Labour wishes to desert both the policy and the slogan in its election manifesto.

This debate makes me feel as though the last 20 years never happened. It could have happened at any time between 1990 and 1997; and in fact it did—many, many times. What has happened since is that Labour in government picked up those principles and sought to put them into effect. Now, less than 12 months after the general election, it has reverted to type. It is as though nothing happened in the past 20 years. We have heard industrial quantities of nonsense this afternoon, and I hope that the House will reject the Opposition's motion.

5.35 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): This costly reorganisation of the NHS has no mandate from the British people, and no support from health professionals or, apparently, the Liberal Democrats. It will be the end of the NHS that we know and love. As I have said before, the NHS is not just an organisation that plans and provides our health services; it also represents the values of our society by which this country sets much store. Contrary to the assertions from the Government Front Bench, the NHS reorganisation defined in the Health and Social Care Bill will wipe out the founding principles of the NHS in one fell swoop.

For the first time since the NHS was established in 1948, the Secretary of State for Health will not have a duty to provide a comprehensive health service. I will let that sink in. Instead, it is to be replaced with duties to "promote" and to

"act with a view to securing"

health services—weasel words that beggar belief. The original duty is fundamental to protecting the provision of a universal, comprehensive health service. It is the foundation on which the NHS was established. Without it, we will no longer be sure that a comprehensive national health service will be provided, and Members of Parliament will no longer be able to hold the Secretary of State to account on behalf of the constituents who elected them.

Rather embarrassingly for the Secretary of State, he might recall that, when he presented evidence to the Health and Social Care Bill Committee, I questioned him on this and asked him why he was repealing that fundamental duty. He said that he was not. However, it is absolutely clear from the Bill's explanatory notes that that is exactly what will happen. Paragraph 64 states that clause 1

"removes the current duty on the Secretary of State in subsection (2) of section 1 to provide or secure the provision of services for the purposes of the health service."

[Debbie Abrahams]

That duty is absolutely core: the NHS was established to provide a universal, comprehensive health service, but that will soon be gone. It is worrying that the Secretary of State did not appear to understand the implications of competition law, or to know what was being repealed in his own Bill.

The Government have suggested that these functions will now be the duty of the NHS commissioning board and the GP consortia, but the exercise of the functions will be discretionary. There will be no requirement to provide those services. So I repeat that the Bill will take away the duty to provide a comprehensive, universal health service.

Nadine Dorries (Mid Bedfordshire) (Con): Will the hon. Lady give way?

Debbie Abrahams: No, I am sorry, I am going to make progress so that everyone gets a chance to speak.

The Government have also said that the NHS commissioning board will ensure that NHS delivery is free from political control, but I am not so sure about that. The Bill contains a variety of contradictions, particularly in relation to the Secretary of State's appointments to the various quangos. Another of the founding principles under threat from this Government is that treatment should be based on clinical need and not the ability to pay. We heard the Secretary of State say that that would be protected, but the Government's reorganisation of the NHS will result in opening up that fundamental principle. The NHS commissioning board and the GP consortia will have the power to generate income, perhaps by charging for non-designated services. What constitutes designated and non-designated services has yet to be defined, however. My hon. Friend the Member for Leicester West (Liz Kendall) tried to get some elucidation on that, but none was forthcoming.

Mr Lansley: Will the hon. Lady give way?

Debbie Abrahams: No, I am sorry, I want to make some progress—[Hon. Members: "Give way!"]

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

Debbie Abrahams: Not only are the founding principles of the NHS in danger of being wiped out, but its culture—the reason that most of its employees work for the NHS—will go as well. The whole ethos of the NHS will change. It will now be driven by competition and consumer interests—*[Interruption.]*

Mr Deputy Speaker: Order.

Debbie Abrahams: My first question to the Secretary of State was about the proposal that the NHS commissioning board will be able to award bonuses to the GP consortia that it deems to be adopting innovative measures. The Bill states:

> "The Board may make payments as prizes to promote innovation in the provision of health services."

That means bonuses within the NHS based on innovation, which is anathema to the NHS and not what we want for it. This is indicative of the Bill as a whole. Central to the reforms are increasing competition across the NHS and opening it up to providers from the private and voluntary sectors. The Government claim that increasing competition drives down costs and improves quality, but there is evidence from across the world—in the US and Europe—that that is not the case. It does not improve quality at all in health care systems.

Although I am glad to see that the Government have reversed their position on price competition, as of yesterday they were still wedded to establishing Monitor as a powerful economic regulator with the duty to promote competition. As has been pointed out, our health services will be subject to EU competition law for the first time. By forcing these GP consortia to put any services out to competitive tender—even if they are working well and patients and the public are happy with them—the Bill encourages "any willing provider" to—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

5.41 pm

John Pugh (Southport) (LD): I am glad to be called to speak. I had a hand in drafting both amendments and the motion in that it is taken from the Liberal Democrat conference. I appear to be responsible for the lot, so I may be a parliamentary first.

I begin by stating the blindingly obvious: the Health and Social Care Bill is in trouble. There is hostility to it from the professions, anxiety about it among the public, concern in the Cabinet and an unease that can be felt spreading in all sections and all parties in this House and the other place. That is just a fact, and it matters more than the political knockabout here or any loss of face, because the effects of the policy—for good or ill, for better or worse—announced with unseemly and misguided haste last June are going to be felt in every home in the country.

Nadine Dorries: I thank the hon. Gentleman for having the good grace to give way. Would he describe the 5,000 GPs who agreed to be part of the pathfinder consortia as "uneasy"? It appears to me that they are incredibly enthusiastic to get going.

John Pugh: I think it is Hobson's choice.

This is not the first health reform—the last Government introduced more "step changes" than could fill an episode of "Strictly Come Dancing"—but it is certainly the biggest, the most expensive and possibly the most risky. The Secretary of State seems to have chosen for himself a path on which future generations will either put up statues to him or burn him in effigy. However, it is no longer his Bill; it is our Bill. No Secretary of State currently commands a majority in this House.

This Parliament may act like all the others hitherto—and, sadly, it usually does, as it has largely done today—but it is not like any other Parliament. There is no party in this House with a majority, so we should dump the tribalism, the point scoring and the political games. We can get round to doing what we have to do and what we need to do. We have the chance to scrutinise, to seek to amend and improve—and, if unsatisfied, the chance to reject the Bill on Third Reading. That applies to Members of all parties. It is not just "top-down reorganisation" of the health service that we should have dropped with the

coalition; we should have dropped "top-down legislation", whereby MPs simply become pawns in a wider political game, and conviction takes second place to coercion.

There has never been a Secretary of State who has looked at the NHS and found it to be perfect and incapable of improvement. That is largely because we demand so many incompatible things of it that any incarnation is unlikely to satisfy all. Each successive Secretary of State suggests proposals for reform, rather like the Flying Dutchman in a hopeless and sadly doomed pursuit of the ideal format for the NHS. I have to say that the current Secretary of State is probably better equipped for this eternal task than any others: he is committed, passionate, well informed—probably the best informed Secretary of State we have had for some time—and he is brave. He voyages on, undeterred by the siren voices of think-tanks from right and left and the warnings about costs and practical difficulties, and unfazed by the lack of enthusiasm, if the polls are to be believed, among the NHS crew and staff. Of course, as a Liberal Democrat I am disinclined to believe polls at the moment. He carries on, unmindful of the uncharted nature of the course he has set. In Committee, we found real gaps in the understanding of how things will proceed. It is not that he is unaware of the possible danger, but the big danger is that any potential shipwreck will cause us all to be engulfed if costs overrun, if productivity falls, if hospitals close, if waiting lists grow, if morale declines, or if the NHS appears to be denatured, privatised, and not safe in our hands. That is why Parliament's role is so important in this context, and why good argument rather than the Government machine must prevail.

Greg Mulholland (Leeds North West) (LD): I pay tribute to the work that my hon. Friend is doing on the Bill. Does he agree that, as with the forestry decision, the coalition shows its strength when it actually listens to the concerns that are out there, and is that not exactly what we need the Government to do at this stage?

John Pugh: Indeed. In the circumstances that my hon. Friend cites, both coalition parties listened to the voices that they heard and took serious note of them.

It would be unsafe to draw any conclusions from the voting patterns today. Political gamesmanship and party loyalties will prevail. However, it is not necessary to hang around the Lobbies much to see that a corrosive unease is spreading through Government ranks, even in the most unlikely quarters, and to see how opposition hardens with every defiant, unbending rebuttal from the Richmond house bunker. We must accept that the Committee, for all its forensic talent, will not solve the problem; we must concentrate on Report and Third Reading, and on the debates that will take place offstage beforehand.

This is our Bill, not the Secretary of State's. It will not come about unless we vote for it. Even the most calculating, the most tribal, the most ambitious of us—but not, possibly, the most stupid—must see the clear risks as well as recognising the opportunities. If we get it right, reform can take place with the grain of professional and expert opinion, without Ministers' ceasing to be ambitious for the NHS, and with broad political support in the House and in the country, and arguably it will work better as a result. However, it will require dialogue.

It is a profound irony that the Government want to abolish what they call the command and control model of the NHS by means of a command and control model of legislation. Indeed, they issued a Command Paper over the Christmas period, but then Richmond house does not do irony. If Parliament is to help the Government to climb out of the hole into which they threw themselves last June when the White Paper announced the liberation of the NHS, we need genuinely constructive, open dialogue, and we need it to start here. Perhaps, in order to liberate the NHS, we need to liberate Parliament a little bit first.

5.47 pm

Karl Turner (Kingston upon Hull East) (Lab): It is a privilege to follow the hon. Member for Southport (John Pugh). Like him, I am a member of the Public Bill Committee considering the Health and Social Care Bill, and I always listen intently to his well-informed and reasoned speeches. I think that many Opposition Members, at least, will agree with what he has said today.

The Government's proposed changes will fundamentally alter the nature of the health care system for the worse. That opinion is held not only by Opposition Members but by numerous experts, including the British Medical Association, the Royal College of Nursing and the Royal College of Surgeons, to name but a few. I am pleased to say that we now know that the Liberal Democrats agree with us on this issue, but it is not enough for them to talk tough. They must do what they say they can do. They should not just sit on the fence. They have a real opportunity to prove to the electorate that they can change Government policy when it is damaging and destructive to their constituents.

The damage that this policy will do is, in my view, irrevocable. Let us make no mistake: the Government are ripping the N from the NHS. They are planning, by stealth, a wholesale change in the structure of our health service system. The plans are damaging and, without question, revolutionary rather than evolutionary.

Nadine Dorries: Will the hon. Gentleman give way?

Karl Turner: Not at the moment.

The Government Front-Bench team and its Lib Dem colleagues can argue against what I say until they are blue in the face, but we know what the reality is. The chief executive of the NHS, Sir David Nicholson, says:

"The scale of the change is enormous—beyond anything that anybody from the public or private sector has witnessed".

When we bear in mind the context of the plans, the destruction to the NHS becomes very apparent. The plans are to be implemented at a time when the NHS is to make £20 billion in efficiency savings. This is a costly, unnecessary and reckless top-down reorganisation of the NHS, and it is without any real mandate. The coalition agreement clearly states that the new Government will stop the top-down reorganisation of the NHS. Instead, we are faced with a reorganisation that is described as being so big

"you can see it from space."

Christopher Pincher (Tamworth) (Con): The hon. Gentleman seems to favour top-down organisation of the NHS. Does he agree with his party's shadow Health Minister, the hon. Member for Leicester West (Liz Kendall), who said:

[Christopher Pincher]

"Many staff are disillusioned and disempowered by the top-down target driven approach that has dominated much of the last decade of health policy"—

his party's policy?

Karl Turner: I am well aware of my hon. Friend's remarks, and they were made in a very different context, but let us listen to the BMA. Yesterday, it held its first extraordinary meeting for 20 years. Interestingly, it has convened two emergency meetings in the past 20 years, both of them under a Tory Government. It is the same old Tory story: they cannot be trusted with the NHS.

The most damaging part of these plans is the competition aspect. The Secretary of State's smokescreen about GP commissioning is designed simply to divert attention from the underlying plans, which are, as Baroness Williams has said, privatisation by stealth, and Professor Ham of the King's Fund correctly asserts that the commissioning reforms

"are of secondary importance compared with the radical extension of competition".

The Health and Social Care Bill brings the NHS within the remit of competition law for the first time, and Monitor, the new economic regulator, will be instructed actively to promote competition under clause 52. Placing a statutory obligation on Monitor to enforce competition creates a situation in which commissioners will not be able to act in the best interests of their patients, for fear of a costly legal challenge lurking in the shadows.

The Government's approach to Monitor demonstrates how ill thought out these plans are. In a clamour to roll back the state and win favour with the private health companies that have bankrolled their party, the Government's plans to introduce competition into the NHS will work against the integrated networks needed to ensure that the long-term ill receive the services they need and are entitled to.

The most worrying aspect of this policy is that the Government have ignored expert criticism—or, indeed, criticism of any kind. The divide is pretty stark. On one side there is the BMA, A National Voice, the Royal College of Nursing, the Stroke Association, the Royal College of Surgeons, the Chartered Society of Physiotherapy, the Royal Pharmaceutical Society, the Foundation Trust Network, the Royal Society of GPs, and, since the weekend, the Lib Dems. On the other side, there is the Secretary of State and the private health companies, who are bound to be rubbing their hands, waiting expectantly for their investment in him and his party to pay off.

5.54 pm

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): It is a great pleasure to speak after the great tour de force that we heard from my right hon. Friend the Member for Charnwood (Mr Dorrell). He dispelled a huge number of the myths that the Opposition have been trying to put forward today and during our entire Committee proceedings on the Health and Social Care Bill—one would almost believe that they had not been in power for the past 13 years. It is clear that one of the main reasons why we need to reform the NHS is not just to build on what the previous Government have done in terms of using private sector providers, but to make sure that we put a lot of things right. We are cutting bureaucracy and putting more money into front-line care—that is one of the main purposes of the Bill.

Before I develop my arguments about bureaucracy, I wish to pick up on what my hon. Friend the Member for Gainsborough (Mr Leigh) said in his intervention. He talked about the challenges of dealing with an ageing population. This country undoubtedly faces a big problem in providing health care as a result of many people living a lot longer, although that is a good thing. A lot of people have multiple medical comorbidities as they get older and they need to be looked after properly. The key financial challenge to the NHS is in ensuring that we look after our ageing population, and properly resource and fund their care, so when we cut bureaucracy and put more money into front-line patient care, that is what that is about.

When we talk about the need to ensure that the NHS has local health care and well-being boards—an NHS that is more responsive to local health care needs—it is a response to the fact that some parts of the country, such as, Eastbourne or my county of Suffolk, have an increasing older population, who need to be properly looked after in terms of funding. That is why it is so important that this Government have committed £1 billion to adult social care and are increasing that. It is also why we are putting an extra £10 billion into the NHS budget over the lifetime of this Parliament—the Labour party would not have done that.

On bureaucracy, it is worth reminding the Labour party of a few things it did when it was in power. Under Labour the number of managers in the NHS doubled. In 1999, there were 23,378 managers and senior managers in the NHS, but that figure had almost doubled by 2009, having increased to 42,509.

Owen Smith *rose—*

Dr Poulter: The hon. Gentleman might wish to listen to this, but I will take his intervention.

Owen Smith: The hon. Gentleman has returned to this point about bureaucracy many times during our proceedings in the Public Bill Committee. Does he not share my concern about our shared ignorance as to how many managers and how much bureaucracy there will be under the new structure in the GP consortia and in the regional presence of the national commissioning board? Does he know what bureaucracy there will be under this Bill, because I do not?

Dr Poulter: What we do know—the hon. Gentleman would do well to listen to this—is that the NHS currently spends £4.5 billion on bureaucracy, and that could be better spent on patient care. Under the previous Labour Government PCT management costs doubled by more than £1 billion to £2.5 billion, and that money could be better spent on patient care. By scrapping PCTs, we will have more money to give to GPs to spend on patients and front-line care, and that can only be a good thing.

Labour Members would do well to listen to a few more of the statistics on NHS bureaucracy that I am about to read to them. Under Labour, the number of managers increased faster than the number of nurses in the NHS. How can that possibly be right? Managers

were paid better than nurses in the NHS. In 2008-09, top managers in NHS trusts received a 7% pay rise whereas front-line nurses received a rise of less than 3%. The Labour party was obsessed with bureaucracy, management and top-down targets, and we would much rather see that money spent on patients and front-line patient care.

Grahame M. Morris: We have heard about the layers of bureaucracy that the coalition Government propose to take away, but what does the hon. Gentleman have to say about the additional layers that they are imposing through the exponential growth of Monitor, which will be the economic regulator? They are increasing its budget from £21 million a year to as much as £140 million a year. How many more thousands of people will it employ? How many lawyers? It will cost £600 million over the course of a Parliament.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We must have shorter interventions.

Dr Poulter: This is very much the point. Let us not forget that Monitor was introduced by the Labour party to regulate competition in foundations trusts, and the Government are looking at giving it a slightly increased role while also cutting £5 billion-worth of bureaucracy in the NHS, which has to be a good thing. I hope that the hon. Gentleman agrees that that £5 billion would be much better spent on patients rather than on management and paper trails.

The core of the issue is that Government Members would like GPs to be placed at the heart of the commissioning process. Giving power to doctors and health care professionals is undoubtedly a good thing because the best advocates for patients are undoubtedly doctors and other health care professionals rather than faceless NHS bureaucrats. I am delighted that my hon. Friend the Member for Ipswich (Ben Gummer) is sitting next to me because far too often in Suffolk damaging decisions to remove vital cardiac and cancer care services from Ipswich hospital have been taken by the strategic health authority and the primary care trust, against the advice of front-line professionals. Community hospitals in my constituency in Hartismere have been closed despite GP advice that we need to look after older people and the growing older population. Putting GPs and health care professionals in charge of the new system will bring better joined-up thinking between primary and secondary care, which does not happen at the moment because GPs are often hindered in what they are trying to do and are unable to communicate effectively with the hospital doctors and trusts they need to talk to because of PCTs intervening in the process. Bureaucrats are getting in the way of good medical decisions and the Bill will deal with that problem.

I am aware that others want to speak in this debate so I shall not speak for much longer. I think that all Government Members must oppose the motion. The hypocrisy of the Labour party in its dealings with health care and the NHS has been ably exposed by my right hon. Friends the Member for Charnwood (Mr Dorrell) and the Secretary of State. Government Members want to cut bureaucracy and put money into front-line patient care and helping patients. We believe that GPs and health care professionals are the best people to do that. We want a patient-centred NHS that is locally responsive to local health care needs and that will properly address the fact that we have an ageing population. We want joined-up thinking between adult social care and the NHS, which did not happen under the previous Government. For all those reasons, I commend the health care reforms to the House, and I beg the Conservative party to oppose the motion.

6.2 pm

Paul Blomfield (Sheffield Central) (Lab): Over Christmas, I found myself using the services of the Royal Hallamshire hospital in Sheffield for emergency eye surgery. I want to take this opportunity to pay tribute to the staff there, who saved the sight in my left eye, which is, as hon. Members might imagine, important to me. That procedure was routine for those staff—something that they did day in, day out. The whole experience—the quick diagnosis, emergency admission, successful operation and supportive aftercare—brought home to me the importance of having a national health service that is not only free at the point of delivery but available equally to all and with the capacity to meet the health care needs of our people. Let me contrast it with the system in the United States, where the quality and speed of treatment depends on patients' ability to pay. Incidentally, the American system costs the public purse more. I know that some Conservative parliamentarians look at that system with enthusiasm. Many of us will recall Daniel Hannan campaigning against President Obama's health reforms and describing the NHS as a 60-year old mistake, so it is not surprising that the majority of people in this country do not trust this Government with the NHS. When Government Members talk about monopolies, the people of this country see a public service.

Christopher Pincher *rose—*

Paul Blomfield: I will give way once and then make some progress.

Christopher Pincher: The hon. Gentleman talks about Government Members, but he might note that, other than those on the Front Bench, there are only 11 Members on the Opposition Benches for their Opposition day debate. On the Government side there are more than double that number. Does that not bear eloquent testimony to who really cares about the NHS?

Paul Blomfield: What bears eloquent testimony to who really cares about the NHS is our record. Before 1997, I remember patients being stacked up in hospital corridors in Sheffield every winter because the hospitals could not find beds. That situation has been transformed under Labour over the past 13 years.

The Prime Minister has tried hard to reassure the public that the NHS is safe in Tory hands, but he has failed. In January, a major survey of the British public demonstrated that only 27% of people back moves to allow profit-making companies to increase their role in the NHS. That reflects the way in which our people treasure the NHS and its values, and that is why the Government did not have the confidence to say at the general election what their real intention was: the deconstruction and privatisation of the NHS by stealth.

[Paul Blomfield]

It is not only the public whom the Prime Minister has failed to convince. The Secretary of State told us again today, as the Government have done many times during discourse on the issue, that we should trust doctors—those who understand the NHS.

Dr Poulter: Will the hon. Gentleman give way?

Paul Blomfield: I am afraid that I will not; I said that I would give way once and then make progress.

I hope that the Government will take their own advice and listen to doctors, because yesterday the doctors spoke clearly and powerfully with one voice, despite reports that we have seen that under the proposals, doctors could earn up to £300,000. At the first emergency conference of the British Medical Association in 19 years, they sent a clear message to the Government: "Think again."

Five of Sheffield's hospitals are in my constituency, and I want to focus on the consequences of ending the cap on private income earned by hospital trusts without providing any safeguards. As hospitals face squeezed budgets, they will inevitably look at every opportunity to enhance their income. At one level, they might see the chance of offering additional services such as en suite facilities to those who can afford to pay, but at another, more damaging level, we need to recognise that in Sheffield and across the country, patients are now being refused non-urgent elective surgery. There are increases in waiting times for knee and hip replacements, and for cataract, hernia and similar operations. Those are not operations for life-threatening problems, but they are hugely important for people's quality of life. Access to that sort of surgery at the earliest point of need transformed the lives of tens of thousands of people under Labour. Those operations may not be life-critical, but delaying them condemns people to pain and immobility.

Ben Gummer (Ipswich) (Con): Will the hon. Gentleman give way?

Paul Blomfield: No. I have said it once: I have given way, and will not give way again, because I want to make progress.

The Government's plans mean that as we return to the days of long waiting lists, in will step the health insurance companies, perhaps with their links to new commissioning bodies, which will pitch to those who understandably want the assurance of prompt treatment when they need it. There would be a self-reinforcing cycle: more patients would go private to escape worsening NHS services, and NHS providers would then prioritise private patients, worsening services further. Before long, the NHS would be changed beyond recognition. Its founding principles of free and equal treatment for all who need it would be fundamentally undone. No wonder that the chair of the Royal College of General Practitioners has attacked the plans as

"the end of the NHS as we currently know it",

or that the Royal College of Midwives has said that

"this could accelerate the development of a two-tier service within foundation trusts, with resources directed towards developing private patient care service at the expense of NHS patients."

Nadine Dorries: Will the hon. Gentleman give way?

Paul Blomfield: No, I will not. The Royal College of Nursing says that it

"cannot support the removal of the private income cap...Until foundation trusts can credibly demonstrate that private income is not at the expense of NHS patients".

The proposals reveal the ideological heart of the Government and their vision for public services: a two-tier health system, with the best available for those who can afford it, and the NHS becoming a safety net for those who cannot. I was pleased that last Saturday, in the heart of my constituency, the Liberal Democrats found their voice and spoke out against the anti-state, anti-public-services faction that now leads their party. I say to Liberal Democrat Members, as the hon. Member for Southport (John Pugh) said, "This is our Bill". This is our motion—support it today.

6.10 pm

Mark Simmonds (Boston and Skegness) (Con): It is a pleasure to follow the hon. Member for Sheffield Central (Paul Blomfield), who I thought was going to give a thoughtful speech. The only comment on which I agreed with him was his congratulations to the hard-working, committed staff in the NHS. I am sure that all hon. Members would agree with that.

I have been disappointed by the debate, but perhaps not surprised. Labour Members' opposition to the reforms proposed in the Health and Social Care Bill and the evidence presented in support of their motion are based on inaccuracies, incorrect assertions and assumptions, and myths about the destruction and privatisation of the national health service. The plans were clearly laid out in the Conservative and Liberal Democrat manifestos. Two thirds of the country is already covered by GP consortia, many of which are keen to crack on with the reforms so that they can improve the care that they are delivering for their patients.

All Government Members are totally committed to the ethos of the national health service. We are totally committed to a free, taxpayer-funded national health service. Most importantly of all, we are totally committed to continual improvement of patient care. The Health and Social Care Bill will achieve all those things, for the reasons set out by my hon. Friends—ageing populations, increasing costs of drugs and technology, and the increasing level of co-morbidities.

In all the debates about the future of the national health service, no Member of the House should forget the most important factor—the user of the service. Some people on the Opposition Benches seem to have forgotten the patient. The Bill moves patient care in exactly the right direction. The reforms are about high-quality care and value for money for the taxpayers. They transfer resources to front-line patient care by reducing bureaucracy and administration. They are about driving up the quality of patient care and improving patient experience and outcomes.

I have no wish to repeat the Second Reading debate on the Bill, but it is wrong to suggest that everything in the national health service is perfect, and that improvements cannot be made through reform. Putting clinicians in a position to lead commissioning and allowing patients to be involved in the decision-making process will drive improvements. Providing easily accessible patient-centric information to inform choice and raise quality standards will drive improvements in patient care.

Nicky Morgan (Loughborough) (Con): My hon. Friend is making a powerful argument. Does he agree that it is rather tragic—nay, even worse—that we have heard Opposition Members having a go at the motives of both GPs and those who work in hospitals? Opposition Members think that they are driven by money, not by the quality of patient care and outcomes.

Mark Simmonds: I thank my hon. Friend for the point that she has forcefully made. A few—not all—on the Opposition Benches believe that GPs are in it for the money. No GP I have ever met, or with whom I have discussed patient care, is interested in money. They are there to improve the lives of the patients for whom they are responsible.

If we are to engage seriously with improving patient care, we must allow any willing provider to provide services, and allow the provider that is best for optimising patient outcomes in a regulated way to drive up standards. As my hon. Friend the Member for York Outer (Julian Sturdy) said, it is perplexing to hear the arguments that Labour Members have been coming out with today, and ever since Christmas. Is it right that substandard and mediocre services should be allowed to continue purely because they are provided by the state, even when the patient can get better care elsewhere at the same cost? That has to be wrong. What is important is the quality of patient care that is free at the point of delivery, not the delivery mechanism.

The shadow Secretary of State's position is completely untenable. He must be squirming inside, because he is an intelligent man and a reformer. The Labour party introduced foundation trusts, payment by results, patient choice and private sector provision in the delivery of patient care, and it twice introduced GP commissioning. As recently as 2010, the Labour party manifesto stated:

"We will support an active role for the independent sector"—

that is in the Bill;

"Patients requiring elective care will have the right, in law, to choose from any provider"—

that is in the Bill;

"All hospitals will become Foundation Trusts"—

that is in the Bill;

"Foundation Trusts will be given the freedom to expand their...private services—.

that is in the Bill. Labour also claimed that it would

"ensure that family doctors have more power over their budgets."

That is in the Bill. The Labour party should support the Bill, not castigate it on the basis of false promises.

The Government are absolutely right to push the Bill, which is on exactly the right lines. We need more investment in the NHS, less waste and more powers for doctors and nurses to be involved in commissioning and clinical decisions. We need to focus on results, create accountability and transparency, and facilitate innovation. The Bill preserves the best of the NHS—equality of access—and creates the architecture to drive and deliver excellence for all.

6.16 pm

Angela Smith (Penistone and Stocksbridge) (Lab): Thank you, Mr Speaker, for giving me the opportunity to take part in this important debate. Health is undoubtedly one of the most important areas of public policy, and one that the British people care about deeply. We on the Opposition Benches are very proud of our record on the NHS. It was Labour who created the NHS in 1947, and Labour who saved it from Tory destruction in 1997. Under the Labour Government there was significant real growth in the resources going into health care. NHS expenditure increased by more than two thirds over 13 years, with real-terms growth averaging around 5.5% per annum. Those high rates of investment led to improvements in hospital waiting times, life expectancy and health outcomes.

It is all too easy to forget what the NHS was like under the previous Tory Government. People waited for years for treatment such as hip replacements, and it was common for patients to spend hours in the cold corridors of old hospitals built in the 19th century while waiting for beds to become available. We changed that by building new hospitals and employing more doctors and nurses.

Henry Smith: Will the hon. Lady give way?

Angela Smith: I will give way once and no more, because I want other Members to have an opportunity to speak.

Henry Smith: I am interested to hear the tale of life in the NHS before the Labour Government and now, because under Labour my constituents lost hospital provision, including accident and emergency and maternity services. That was the Labour experience in Crawley.

Angela Smith: All I will say to the hon. Gentleman is that I worked in the NHS as one of the so-called bureaucrats in the Tory '80s, and I remember having a patient crying to me over the phone, begging me to admit him so that he could have his eye taken out, because the Tory NHS was not providing the beds or the theatre space for such operations. We changed that by investing in the NHS so that life chances for many people could be improved. There is no doubt that there are people alive today who would not be so had that investment not been made.

Before the election, the Tories promised to protect the NHS with real-terms increases in spending. Let us get one thing straight: the 0.1% per annum increase that the coalition Government said they would provide does not equate to real increases in spending, because since then inflation rates have gone through the roof. There is no real-terms increase in spending, so one has to ask why the Government want to divert a further £2 billion from tight budgets into a top-down, ideologically driven reorganisation, especially when the coalition agreement specifically stated that the Government would not do that.

Furthermore, it is a reorganisation that no one wants—and that includes the Lib Dems, as we saw with last week's vote in the great city of Sheffield. Just this week the BMA voted against the proposals, and many other health professionals think that they are dangerous and ill thought through. Without the support of anybody, it seems, the Government are intent on forcing through

"the biggest...upheaval in the health service, probably since its inception."

Those are not my words but the words of Chris Ham, the chief executive of the King's Fund.

[Angela Smith]

I have a fundamental disagreement with the Secretary of State's view that competition and free markets will drive innovation in the NHS, and that profit will motivate performance. I do agree, however, with my hon. Friend the Member for Kingston Upon Hull (East) (Karl Turner), when he says that the introduction of these reforms risks removing the N from NHS. No longer will we have a national service; instead, the system will be fragmented and the postcode lottery of service will become more and more prevalent.

The notion of "any willing provider" means that many NHS hospitals will be at a disadvantage compared with private providers, which will not have to provide a comprehensive service for complex problems. "Fine," some might say, "if that brings costs down"—but what happens when hospitals and other treatment centres become insolvent and have to close down, leaving many areas of the country without adequate health care provision? Handing over £80 billion to GPs to commission services not only risks the important relationship between patient and doctor; it is extremely risky in itself, because of the lack of accountability.

If the plans are passed unaltered, GPs, through the quality premium bonus, will have a financial incentive to keep costs down and not to refer patients for diagnostic tests or treatment. As we found the last time the Tories tried to undertake such a scheme, they could also become unwilling to take on costly patients with chronic conditions. Those who need the most help could find it more and more difficult to get the treatment that they require.

Of deeper concern is the opaque nature of the consortiums. They will have to produce annual financial reports only for the national commissioning board, and they will not have to publish them. At the same time, every council in the country will have to publish every invoice over £500.

These health reforms have no mandate with the British people. They were in neither of the coalition parties' manifestos, and even if NHS funding were not being cut, they would still run the clear risk of destabilising the service, because they hand over £80 billion of taxpayers' money to private institutions, with insufficient safeguards in terms of accountability. The reforms are simply wrong. To allow any willing provider to deliver services risks the destruction of the NHS and a return to the dark days of the 1930s, when we had a two-tier system, with the state providing a minimum service and those who could afford to going private. That, too, would be plainly wrong, and something that the British people have consistently said they would not want.

It was pleasing to see the Lib Dem grass-roots vote against the policy last week, so I say to Lib Dem Members, "The ball is in your court. You can be on the right side of this argument, and your party can be on the right side of the British people, if you go through the Lobby tonight with us. The choice is yours. Flex your muscles and demonstrate that you are prepared to force the Government to revisit their plans by voting with Members on this side of the Chamber tonight."

6.23 pm

Andrew George (St Ives) (LD): It is a pleasure to follow the hon. Member for Penistone and Stocksbridge (Angela Smith), who made a number of important points about the extent of the reorganisation, quoting Chris Ham of the King's Fund. Indeed, a number of other authoritative sources point out that these reforms amount to the most significant reorganisation of the NHS since its inception 62 years ago. Therefore, we need to look with great care at the issues that arise as a result of this substantial change. We are talking about the public institution that the majority of people in this country hold most dear, so we have a great responsibility in this House to deal with these issues seriously.

I query the hon. Lady's final point on the purpose of today's debate. If the intention was to alienate those who broadly share her and the shadow Secretary of State's analysis of the Bill, then adopting the device of today's debate was probably the best way of doing so, so I congratulate them on that. Following the debate in our conference in Saturday, I would say that if Labour Members have a significant interest in the future of the NHS, the most appropriate thing to do would be to try to form a coalition of the people who share concerns about the Bill. Many of the institutions that she and others quoted—the King's Fund, the BMA, the GMC, the royal colleges and many others—share concerns on the basis of a very objective and dispassionate point of view and could make a significant contribution. That is how we should be doing it, not by using—I am sorry to describe it thus—the playground politics of an Opposition day debate as a means of advancing the issue.

Angela Smith: Is the hon. Gentleman indicating that he would be prepared to talk to Labour Front Benchers on meaningful ways of taking this debate forward?

Andrew George: I am prepared to talk to anyone who wants to engage constructively in improving the Bill to ensure that it achieves its stated intentions, because I do not think that it will, given the nature of the reorganisation proposed in it. The reason I will not be joining the hon. Lady and her colleagues in the Lobby to support the motion is that it is tactically wrong at this stage to engage in such antics. This issue is a great deal too important to be turned into a party political playground game.

I am pleased that the Secretary of State said today that he is prepared to listen and engage. We need to explore every opportunity to engage in constructive dialogue with him, involving all the stakeholders I mentioned, and, indeed, those in the Labour party who want so to engage, to find a way through and to ensure that the genuine concerns about the impact of the Bill are properly scrutinised. Yes, they are being scrutinised in the Bill Committee, but before we get to Report stage in this House, it is important that we create a coalition of the bodies that share these concerns. Rather than inviting them to go out on to Parliament square and wave their placards and so on, it would make a lot of sense to encourage them to engage in greater constructive dialogue than we have succeeded in achieving so far.

Mr Dorrell: Does my hon. Friend agree that the case he is making is reinforced by the fact that our right hon. Friend the Secretary of State has already moved two amendments to the Bill dealing with the cherry-picking issue and—this was mentioned by the Prime Minister today—price competition. The amendments have been tabled to ensure that the Bill addresses concerns expressed by the hon. Gentleman and some of his hon. Friends.

Andrew George: I am grateful to my right hon. Friend. Indeed, that is a very encouraging indication of the fact that the Secretary of State is prepared to listen. As far as I am concerned, however, he is not prepared to go far enough in reassuring me on those points, because taking the word "maximum" out of the clauses relating to price competition and the role of Monitor, the market regulator, is still insufficient. We have not got time to debate that today.

There are several issues, through which I shall canter in the few moments I have left, about the Bill's objectives and what we want to achieve. First, we want to drive patient choice and innovation. I do not think that anyone would disagree with that, but we do not need to demolish the core—or at least the institutional architecture—of the NHS and PCTs, and alienate the majority of clinicians against achieving such innovation and patient choice.

Again, I think we all agree that giving power to communities and patients is highly desirable. However, although GPs will be given responsibility for commissioning services through the consortia, I do not think that they are particularly asking for that. Having spoken to many of them and listened to the national debate, I believe that they are reluctant, or at best resigned to taking on those roles, feeling that they have to follow that course.

If we want decentralisation, why will we end up with the ludicrous centralisation of commissioning NHS dentistry and dispensing? Indeed, every contract for a GP surgery will be centrally commissioned from an NHS commissioning board in Leeds. That is absurd. It does not even achieve what it is claimed that the Bill wants—decentralisation.

Many attempts have been made to argue that the Bill will cut bureaucracy and managers. I am not sure that that will happen. A big focus of today's debate is the impact of competition, which will be unleashed. Once the private sector has its foot in the door, the genie will be out of the bottle. It is clear that everything, including designated services, in my view, will be open to contest. Although it is claimed that the Bill will result in fewer managers, I think that it is a dream come true for litigators, lawyers and management consultants.

John Pugh: Will my hon. Friend give way?

Andrew George: I am afraid that I do not have time.

The idea that the Bill will drive integration and social care is more wishful thinking because there will be less coterminosity between commissioning boards and local authorities under the Government's proposals for an increased number of commissioning bodies than we have now.

Much rethinking needs to be done, and I hope that Government Front Benchers are listening.

6.32 pm

Helen Jones (Warrington North) (Lab): In the devastation that followed the second world war, this country had the courage and the vision to realise the dream of a health service available to all in times of need. If the Government's plans go ahead, that dream will die. *[Interruption.]* Yes, it will. It is not simply that the reorganisation represents a broken promise, which it does, or that it is costly, although it is, but that it strikes at the very foundations of the NHS. Indeed, if it goes ahead, there will no longer be a national health service, but a vast postcode lottery, with treatment depending on where people live.

Henry Smith: Will the hon. Lady give way?

Helen Jones: I am sorry—I have not got time. *[Interruption.]* Other Members are waiting to speak and I will not give way.

The market, not the patient will be king. That is being done under the cloak of localism—the Government's current buzz word. Remove the cloak and we will see the realities: an NHS driven by the market, run by a vast, unelected and unaccountable bureaucracy, with accountability to Parliament greatly reduced.

The Government plan to give all commissioning to GPs. They conveniently ignore the fact that if GPs wanted to be managers, they would have taken MBAs rather than medical degrees. They will bring in other companies—mostly private—to do the managing.

Nadine Dorries: Will the hon. Lady give way?

Helen Jones: I have said no. The hon. Lady was not even here for the beginning of the debate.

It is not sufficient for the Government to ensure that private companies determine our health care; they will also introduce EU competition law into the NHS. That means that the private health companies that are currently hovering over the NHS like a bunch of vultures will threaten legal action if services are not put out to tender. They will then cherry-pick the services in which they can make the most money—they do not want to do geriatric care, paediatrics or A and E. That will fatally wound and undermine local hospitals and some, no doubt, will go to the wall. It is no surprise that the Health and Social Care Bill includes detailed insolvency provisions.

Some hospitals will bring in more private patients to fill the gap, because the Bill lifts the cap on private patients. We will therefore have the absurd situation of private companies making decisions on health care, and of NHS staff and facilities being used not for those most in need, but for those with the ability to pay. There is a word for that and it is not often used in this House: it is quite simply immoral. It is also indefensible.

At the same time, these plans will undermine our ability to deal with long-term conditions. Progress has been made on conditions such as stroke through co-operation, not competition. It has been made through stroke networks, by sharing expertise and by reconfiguring services to get the best deal. All the expertise in primary care trusts on delivering those services will be swept away.

Ben Gummer *rose—*

Helen Jones: I have made my view clear, so the hon. Gentleman is wasting his time. The expertise will be swept away, and the plethora of GP commissioning consortia will have no strategic overview of these services.

There has always been a democratic deficit in the NHS, but the Bill will increase it vastly. It will give £75 billion to £80 billion to unaccountable consortia. It will remove from the Secretary of State the requirement to secure the provision of services. I say to Government

[Helen Jones]

Members: when the services go, do not come here to complain because the Secretary of State will not be responsible any more. The NHS commissioning board will be appointed by the Secretary of State and he will be able to dismiss its members at will. It will have no independence. Monitor will not have a single elected member.

The Bill does not give power to patients, and it does not empower health service staff. Kingsley Manning of Tribal summed it up cleverly as a Bill to denationalise the NHS. It is not supported by doctors, and it is not supported by patients. I say to the Liberal Democrats that if they go through the Lobby tonight in support of this reorganisation, people out there will not forget and they will not forgive.

6.37 pm

Liz Kendall (Leicester West) (Lab): This debate is about one of the most important issues facing this House and this country: the future of our NHS. It has been an excellent and at times lively discussion, with important contributions from all parts of the House.

My hon. Friend the Member for Sheffield Central (Paul Blomfield) spoke with great passion about his recent experience of using the NHS and the importance of the NHS for his constituents. My hon. Friends the Members for West Lancashire (Rosie Cooper), for Oldham East and Saddleworth (Debbie Abrahams) and for Kingston upon Hull East (Karl Turner) gave compelling speeches about their concerns over what is really in the Health and Social Care Bill, including the implications of removing certain duties from the Secretary of State and of introducing competition law explicitly in the NHS for the first time. The hon. Members for Southport (John Pugh) and for St Ives (Andrew George) raised important and serious issues with regard to the Bill, including the implications of centralising services such as dentistry, pharmacy and primary care. It is far from clear how a national body will know what primary care services need to be commissioned in my constituency. They also expressed concerns about the dangers in the Bill. My hon. Friend the Member for Warrington North (Helen Jones), whom I am proud to be following, raised the importance of the threats to the "national" in the national health service and concerns about patients with long-term and chronic conditions, of whom we know there are an increasing number in the NHS.

The debate has shown that, as on so many occasions with this Government, it is not their rhetoric but the reality that counts. They promised in their manifesto an end to top-down reorganisations, but instead they are forcing the NHS through the biggest reorganisation of its life. As the right hon. Member for Charnwood (Mr Dorrell) has said many times, although unfortunately not in the House today, they are doing that at a time when the NHS faces its toughest ever period of funding, when jobs are already being cut and when, far from what the Secretary of State told the House earlier, waiting times are starting to rise.

The Government also say that they want clinicians to lead changes in the NHS, but their Health and Social Care Bill fails to guarantee even that GPs will be running consortia, let alone that hospital doctors, nurses or other NHS staff, who are so crucial to improving the quality of care, will be involved. As eight of the country's leading patient charities said in a letter to *The Times* last month:

> "The reforms will place £80 billion of the NHS budget into the hands of GPs, but plans to make GP consortia accountable to the public are far too weak."

There is no requirement to have elected representatives on GP consortia, as the coalition agreement promised for primary care trusts. The new health and well-being boards will have no power to require GP consortia to do anything, and local councils' scrutiny committees will actually lose some of their powers to refer decisions to the independent reconfiguration panel in the case of services not on the safe list of designated services.

At the heart of the Bill are proposals to change the NHS fundamentally that the Secretary of State simply does not want to talk about: his plans to run the NHS along the same lines as the gas and electricity companies.

Nicky Morgan: I know that the hon. Lady is a hard-working fellow Leicestershire MP, but I disagree with her. Is not the fundamental principle of the Bill, as we have discussed in the Public Bill Committee, that what constituents want is an NHS free at the point of need and the delivery of services, and funded by taxpayers? Which part of the Bill changes that fundamental principle?

Liz Kendall: What patients want is their views and voices to be heard. As the hon. Lady well knows, eight of the country's leading patient charities, including the Alzheimer's Society, Asthma UK and Diabetes UK, have said that the patient and public voice is not strong enough under the Bill, and they have demanded changes. I respectfully ask that she look at their comments and act on their views.

The fundamental issues at the heart of the Bill are turning Monitor, which is currently responsible for foundation trusts, into a powerful new economic regulator to promote competition across the NHS, and enshrining UK and EU competition law into primary legislation on the NHS for the first time. That is not my view but the view of David Bennett, the new chairman of Monitor, expressed in his evidence to the Public Bill Committee. The Government are explicitly modelling the NHS on the gas, electricity, railway and telecoms industries. Government Members who are shaking their heads or looking blank should read the explanatory notes to the Bill, which make that absolutely clear.

Grahame M. Morris: May I point out that yesterday, in an Adjournment debate in Westminster Hall about the future of the blood services contract, the Under-Secretary of State said in response to a question from my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) that EU competition rules would apply?

Liz Kendall: The Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns), also said yesterday, in the Health and Social Care Bill Committee, that EU competition law would apply, and gave me some assurances that that would somehow not change anything. When I asked whether the Government had taken legal advice on that, he admitted that they had. I asked him then to publish that advice so that hon. Members did not have to take my word for it, and I

shall do so again. Will he publish that advice so that hon. Members can see whether GP-commissioning consortia and providers will be subject to EU competition law? Sadly, it appears that he will not do so.

Dr Poulter: If the hon. Lady is so concerned about competition and markets, why did the previous Government introduce Monitor, and why were they happy to pay the private sector 11% more than the NHS to provide NHS services?

Liz Kendall: I am sure the hon. Gentleman knows that Monitor was established as part of the regulation of foundation trusts. Removing that responsibility will mean that there will be no outside checks and balances on those trusts as there are now. Government Members should think seriously about that.

Our health and our NHS are not the same as gas, electricity or the railway. That the Secretary of State believes that they are shows how dangerously out of touch he is. What is the likely result? GPs will be forced to put local services out to tender even if they are delivering good quality care that patients choose and like; hospitals and community services will be pitted against one another when they should work together in patients' interests; care, which as many hon. Members have said is vital as our population ages and there is an increase in long-term conditions, will become more and not less fragmented; the financial stability of local hospitals will be put at risk, and they will have no ability to manage the consequences of choice and competition in the system; and the whole system will be tied up in the costs of red tape, as GPs and hospitals employ an army of lawyers and accountants to sign contracts and fight the threat of legal challenge, huge fines and the potential of being sued. Let us also be clear that the Bill gives Monitor the same functions as the Office of Fair Trading, so it can fine organisations up to 10% of their turnover.

The more we see of the Bill, the more the truth becomes clear. The Secretary of State says that he wants clinicians to be more involved, and "no decision about me without me" for patients, but when the Royal College of General Practitioners, the Royal College of Surgeons, the Royal College of Nursing, the Royal College of Midwives, the British Medical Association or anyone else tells him that he should stop, think again and halt his reckless NHS plans, he refuses to listen. When the Alzheimer's Society, the Stroke Association and Rethink tell him that his proposals will not give patients a stronger voice and improve public accountability, he simply tells them that they are wrong. When health experts such as the King's Fund warn that driving competition in every part of the NHS will make it more difficult to commission the services that best serve patients' interests, he simply puts his fingers in his ears and walks away. What makes this Secretary of State think that he is right when professional bodies and patient groups know that he is wrong?

Doctors and nurses do not support the Government's plan, patients do not want it, some Conservative Back Benchers and members of the Cabinet do not like it, and the Liberal Democrats hate it. They had the sense last Saturday to see what the hon. Member for St Ives (Andrew George) called the potential catastrophe as far as the future of the NHS is concerned, and to ask for amendments to the Bill. I hope they have the sense to join us in the Lobby tonight. I commend the motion to the House.

6.48 pm

The Minister of State, Department of Health (Paul Burstow): I start by thanking the right hon. Member for Wentworth and Dearne (John Healey) for attending the Liberal Democrat conference last Saturday. Unfortunately, no one knew who he was when he arrived. Had he been more clearly identified, I am sure he would have received a very warm welcome from delegates, because he was welcome, as was the registration fee he paid. He will know that I gave my Liberal Democrat colleagues a guarantee on Saturday that, along with other members of this Government, we will listen to every word that Liberal Democrats said at that event.

I agreed with my hon. Friend the Member for Southport (John Pugh) when he said that it was important that we should drop the rhetoric and listen. However, I am not absolutely certain—if I can say this gently to him—whether his contribution entirely measured up to his own statement. Dialogue, yes, but dialogue is not diatribe. Let me also tell him that had the amendment in the name of Conservative and Liberal Democrat Members been selected, I would have urged hon. Members to vote for it, because it sums up the Government's approach. We are listening to concerns and seeking to strengthen and improve the Bill, and we will continue to do so.

However, that is not what Labour is about. Labour's purpose is very clear indeed. Those on the Labour Front Bench let the cat out of the bag a few weeks ago when the hon. Member for Islington South and Finsbury (Emily Thornberry) said in Committee that

"many of our amendments seek to undermine the Bill entirely and in every way possible".—[*Official Report, Health and Social Care Public Bill Committee*, 3 March 2011; c. 448.]

That is not about improving the Bill; that is about trashing it. Sometimes it seems like we are debating two entirely different Health and Social Care Bills. One is the Bill currently in Committee—the real Bill. The other is the phantom Bill that has been conjured up by Labour Members—a hall of mirrors constructed by the Labour party and the unions that bears no resemblance to the real Bill, and is a gross distortion of so many of its provisions. Let me deal with some of the myths that have been peddled in today's debate.

First, let me address the charge of privatisation. I thought that the

"ideological battle over using private and third sector providers"

was "over," and that

"What matters to the public is not who provides but how well a service is provided."

That is not just my view; that is the view of the Labour Business Secretary from 2008, the former Member for Barrow and Furness. He was a long-standing Health Minister who took that view then and, I suspect, holds it today. My right hon. Friend the Member for Charnwood (Mr Dorrell) was absolutely right: the involvement of the private sector is not new to the NHS. Indeed, involving the private sector was certainly not new to the last Government. Labour imposed private sector treatment centres on the NHS, guaranteed the private sector higher prices and, through all that, institutionalised cherry-picking in the NHS. Indeed, it is a scandal that in none of the

[Paul Burstow]

Opposition speeches was there any sense of an apology for the £250 million spent on the private sector for doing absolutely nothing.

Instead of loading the dice in favour of the private sector, which is what Labour did, we are correcting the balance, creating a fair playing field for the full range of providers—something that Labour said in its manifesto it would do, but which it is running away from in opposition. We have tabled amendments to the Health and Social Care Bill to put beyond doubt the fact that there will not be price competition, but there will be quality competition, to ensure that, unlike Labour, we will not see differential prices set on the grounds of ownership. Under our plans there will be less competition on price than there is now and more competition on quality.

Angela Smith: Shirley Williams described the level playing field to which the hon. Gentleman refers as "lousy". How would he respond to that?

Paul Burstow: I am looking forward to further dialogue with my noble Friend to ensure that we deliver the important improvements to the NHS that will ensure that unlike Labour, which cherry-picked and set up contracts with the private sector that undermined the NHS, we deliver a level playing field that delivers good quality care, chosen by patients not politicians.

The debate has shown that we continue to share an enduring commitment across the House to the notion that the NHS must be based on need and free at the point of use. That is what the Bill entrenches and what it will secure. Our plans are all about offering more choice to patients, more accountability for the public and more autonomy for front-line professionals. It is easy for the Opposition to attempt to caricature and distort those policies, but they are based on our belief that we need an NHS that is not about looking up to Whitehall for its lead, but about looking out to its communities and ensuring that it delivers the quality services that make a difference to our constituents.

The purpose of the motion is very clear. It is nothing to do with listening; it is all about scaremongering, opportunism and grandstanding, and the House should throw it out. We will continue to listen and to improve the Bill, but we will not do it by listening to Labour Members, who have no interest in making the NHS better and who would have cut it, had they had the opportunity to do so in government.

Question put.

The House divided: Ayes 224, Noes 305.

Division No. 233] **[6.55 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Crockart, Mike
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul

Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mr David Hamilton and Graham Jones

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howell, John
Hughes, rh Simon
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil

Patel, Priti
Pawsey, Mark
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mark Hunter and
Jeremy Wright

Question accordingly negatived.

Owen Smith (Pontypridd) (Lab): On a point of order, Mr Deputy Speaker. You were not in the Chair at the conclusion of the Opposition day debate, but the Minister of State, the hon. Member for Sutton and Cheam (Paul Burstow), used barely half his allotted time in winding up, as he was clearly short of arguments to defend his position on the important subject under discussion. That left many of us who have plenty to say on the subject short of time to speak. Will you work through the usual channels, Mr Deputy Speaker, to make sure that in future either Ministers use all their time or Back Benchers are given more time to speak?

Mr Deputy Speaker (Mr Nigel Evans): How long the Minister wishes to speak for is not a matter for the Chair. The Minister spoke, the debate came to an end, and a vote was taken.

Business without Debate

PROTECTION OF FREEDOMS BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the Order of 1 March 2011 (Protection of Freedoms Bill (Programme)) be varied as follows:

1. Paragraph 2 of the Order shall be omitted.

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 17 May 2011.—*(Angela Watkinson.)*

Question agreed to.

European Union (Amendment) Act 2008

Mr Deputy Speaker (Mr Nigel Evans): The amendment has not been selected.

7.11 pm

The Minister for Europe (Mr David Lidington): I beg to move,

That this House takes note of draft European Council decision EUCO 33/10 (to amend Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro) and, in accordance with section 6 of the European Union (Amendment) Act 2008, approves Her Majesty's Government's intention to support the adoption of draft European Council decision EUCO 33/10.

Under the terms of the European Union (Amendment) Act 2008, the House should approve this motion on the proposed change to the European treaties so that the Prime Minister can then support the adoption of the draft European Council decision to amend article 136 of the treaty on the functioning of the European Union at the European Council scheduled for 24 and 25 March. It is my belief that agreement to this, which is about the narrow change brought forward to enable the countries that use the euro as their currency to establish a permanent stability mechanism from 2013 onwards, is profoundly in the interests of the United Kingdom.

Mr Philip Hollobone (Kettering) (Con): Will my right hon. Friend confirm that this is the first time that the passerelle mechanism—in other words, a fast-track treaty amendment without an intergovernmental conference—is being used? Is this the first time that such a passerelle clause has been brought before the House?

Mr Lidington: We can debate whether or not it is a passerelle. It is certainly the first time that the provisions under the Lisbon treaty for a simplified revision procedure, rather than the full-scale procedure to which my hon. Friend alluded, has been employed.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Can we be absolutely clear what we are doing here? It used to take months, even years, to change a European treaty. Tonight, we are going to debate this motion for 90 minutes and then the Government will go to the European Council and agree to that change in the treaty. That is correct, is it not, because the next time this comes back for scrutiny it will be a fait accompli?

Mr Lidington: No, I do not share my hon. Friend's analysis of the procedures that lie ahead of us, and I think he underestimates the further opportunities there will be for the House to consider this proposed treaty amendment. I will come on to that in a little more detail later.

First, however, I want to make it clear why the Government believe that agreement to this treaty change is in the interests of this country. As my right hon. Friend the Prime Minister made clear to the House in his statement following the European Council held in December last year, no one should doubt that stability in the eurozone is in the interests of the United Kingdom. Nearly half our trade is with the eurozone, and London is Europe's international financial centre. It is precisely because of this interrelationship that the UK's financial institutions and companies, both big and small, have huge exposure to the banks and businesses based throughout the eurozone. Worsening stability, let alone a further and prolonged economic and financial crisis, would pose a real threat to the UK economy and to jobs and prosperity in this country.

Kelvin Hopkins (Luton North) (Lab): Would it not be more appropriate for an intergovernmental agreement to be reached among the member states of the eurozone, rather than have some change to the treaty on the functioning of the European Union?

Mr Lidington: It would have been possible for the member states of the eurozone to have come to such an intergovernmental agreement, but they chose not to do so. In addition, a number of the other member states which have not joined the euro but aspire to do so and which have an obligation in their accession treaties to do so in due course would prefer any necessary treaty change to be agreed by 27 states, rather than dealt with on an intergovernmental basis alone.

Mr John Baron (Basildon and Billericay) (Con): Given that this vote will have to be unanimous and we therefore have veto, is this not an ideal opportunity at least to try to extract concessions from the EU? We could take such an approach on, for example, the working time agreement, in line with the coalition agreement.

Mr Lidington: As I hope to demonstrate to my hon. Friend's satisfaction later in my speech, my right hon. Friend the Prime Minister secured an extremely good bargain for this country when he took part in the negotiations that produced this amendment. First, however, I wish to deal with the points raised by my hon. Friends the Members for Kettering (Mr Hollobone) and for Harwich and North Essex (Mr Jenkin).

This kind of motion has not been debated in this place before and should the European Union Bill, which this House agreed without Division on Third Reading last week, become law, we will not have this particular procedure here in the future. I want to give a firm assurance to the House that, in particular because of the provisions in that Bill, this evening is only the first opportunity for the House to have its say on the proposed treaty change; a second opportunity will be provided through the process of ratification.

I have to say to the House that the previous Government left this country with a system of both popular and parliamentary control over treaty change that was grossly inadequate. Under the inherited arrangements, this motion would have been all that was required by way of parliamentary approval, at least in terms of an affirmative resolution. If the European Union Bill were not to become law, a motion of this type leading to the adoption of a proposal for treaty change would, on ratification, still have to come back to Parliament and be laid before both Houses, but it would then be for Parliament to pray against the provision which had been laid before the House. Obviously the usual problems are involved in terms of what amounts to a negative resolution procedure in giving effect to an understandable desire for full and effective parliamentary scrutiny. However, as I have said, the Government, through the new legislation that we are taking through Parliament at the moment,

[Mr Lidington]

want to provide a much stronger assurance for the future that this particular proposal and any others that might conceivably come forward will be given much greater and more rigorous parliamentary scrutiny.

Mr David Nuttall (Bury North) (Con): Let us be clear about what will change if that Bill becomes an Act, as I am sure it will in due course. Is it the case that the sort of debate we are able to have tonight will not be possible in future because we will have post-decision debates, in that decisions will have already been taken before that Act, as it will be then, kicks in?

Mr Lidington: I hope that I can give my hon. Friend the reassurance he seeks. First, I will make a bit of progress and describe how the provisions in the European Union Bill will bite on this measure and any future measures that are modelled on it.

Mr Wayne David (Caerphilly) (Lab): A very important question has just been asked by a Back Bencher and the Minister has made no attempt to respond to it. Would it not be technically possible to have the new procedures introduced by the European Union Bill as well as the current procedures? One is post and the other is pre.

Mr Lidington: I had better invite the hon. Gentleman to read the *Hansard* record of the debates on the European Union Bill in which he took part—both in Committee and on Report. If he does read them, he will see that the Government introduced an amendment precisely to make explicit the requirement for this proposed treaty change to be subject to more rigorous parliamentary scrutiny than would have been permitted if the current statutory procedures under the Constitutional Reform and Governance Act 2010 had been allowed to stand and to suffice. I hope that he was not asleep when we debated that amendment. If he examines *Hansard*, he will find that we have covered that point in some detail.

The previous Government left the country with a system of control that was grossly inadequate. Section 6 of the European Union (Amendment) Act 2008 requires that when a draft decision under the simplified revision procedure—under article 48(6) of the treaty on European Union—is proposed, a Minister must introduce a motion and have it passed by both Houses without amendment before the Prime Minister can signal his agreement to its adoption at a subsequent European Council. That is the point in the decision-making process that we have reached tonight.

There is an option, under the 2008 Act, for the Government of the day to insert a disapplication provision into this type of motion. Such a provision would enable the Government to agree to subsequent amendments to the draft decision to amend the treaty without having to come back to the House for approval. The options were put before me by my officials and I was absolutely clear from the moment I read the papers that to introduce a disapplication provision of that kind would be completely unacceptable and would give Parliament absurdly little control over such an important matter. For that reason, there is no such provision in the motion.

Let me make it clear: if the House approves the motion, it is authorising the Prime Minister to agree to this draft decision—this text alone—at the European Council. Should there be any suggestion of amending the draft decision at the European Council—there is no such suggestion from any quarter at present—the Prime Minister could not legally agree to it at the European Council without first coming back to this House and the other place for additional approval after a further debate. The draft decision that is referred to in the motion will be the version that is agreed at the Council and there can be no other version of the treaty change without the further approval of the House in a debate such as this.

The European Scrutiny Committee has rightly assessed the draft decision as politically important and has recommended it for debate on the Floor of the House. We are scrutinising the draft decision, as the Committee has requested, and debating whether the Prime Minister may signal his support for its adoption at the Council on 24 and 25 March.

Mr William Cash (Stone) (Con): My right hon. Friend is going through all the procedures and the technical side of things, but, as he knows, that is not really what the treaty is about. I hope he will agree that it represents a huge change in the relationship between the United Kingdom and the European Union. Anyone who cares to look back at what those of us who have argued this case before have said, and to look in particular at *The Economist* this week, will know that the treaty is a hybrid one that is being devised, driven and pressed forward by Germany and those countries that wish to acquiesce in Germany's dictated terms. Does he agree?

Mr Lidington: No, I am afraid I do not agree with my hon. Friend on that point. As I have said, it is in the interests of the United Kingdom for there to be stability in the eurozone. To some extent, the measures that the eurozone countries are now taking are a response to the kind of critique that he and other Members of this House made 10 or 11 years ago when the euro was first created. They—I was very much in this camp—argued that it would cause huge difficulties to create a currency union involving a single interest rate and single monetary policy that did not have some way of reconciling very different rates of growth, inflation and unemployment in the countries in that single currency area.

I want to finish on the procedural points and then move on to the content. If the draft decision is adopted by the European Council, all 27 member states will have to approve the treaty change and ratify it in accordance with their respective constitutional requirements before the decision enters into force. The treaty amendment cannot come into effect until we—and everybody else—ratify the adopted decision.

My right hon. Friend the Foreign Secretary and I have already given an assurance at this Dispatch Box that this and every other future treaty change will be considered in accordance with the terms of the European Union Bill, once that enters into force. That Bill will require Ministers to lay a statement before Parliament within two months of the commencement of part 1 of the Bill, explaining whether the treaty change would fall within clause 4 of the Bill—namely, whether it would involve a transfer of competence or power from the United Kingdom to the European Union.

The treaty change will then have to be ratified by primary legislation—a full Act of Parliament—before the United Kingdom is able to say formally that it has

completed the ratification process, so even when we get to that stage, the final version, agreed by all 27 Heads of Government, has to come back to Parliament for ratification and will be debated in all the stages of primary legislation. Tonight is therefore not the only opportunity that my hon. Friends will have to debate the measure.

Mark Reckless (Rochester and Strood) (Con): Surely the key point about this debate is that we have a veto, and that gives us a lever? Most people in this country feel that EU integration has already gone far too far. Is it not the case that the Minister's refusal to use that lever can only mean that our relationship with the EU will, sooner or later, have to be resolved through an in/out referendum?

Mr Peter Bone (Wellingborough) (Con) *rose—*

Mr Lidington: I will reply to my hon. Friend the Member for Rochester and Strood (Mark Reckless), but first I give way to my hon. Friend the Member for Wellingborough (Mr Bone).

Mr Bone: I am grateful to the Minister for giving way; he is being exceptionally generous, as always. Will some European countries use a referendum to ratify a change to a treaty?

Mr Lidington: It is obviously for those countries and their legal and constitutional systems to say how they will go about ratification, but when the proposal was discussed at General Affairs and External Relations Council meetings, at which I represented the United Kingdom, there was great concern among the member states that have provision for referendums in their constitutional arrangements to ensure that the agreed wording was such that it made it possible for them to ratify without triggering a referendum. I can remember Ministers from a couple of countries making those points very firmly. The president of the European Council, the Commission and the German Government who, it is no secret, had been promoting the need for a treaty change, accepted that. The language that we have is narrow in its scope and provides only for provisions affecting the countries that have the euro as their currency. It is for Ireland, the Netherlands and other countries to decide whether they need a referendum. My understanding is that those Governments think that that is not required.

Robert Halfon (Harlow) (Con) *rose—*

Mr Lidington: It will come as no surprise to my hon. Friend the Member for Rochester and Strood to know that I disagree with him about the need for an in/out referendum. We debated that at some length the other day in proceedings on the European Union Bill. The Government believe that it is in the interests of the United Kingdom to remain an active and positive player in the European Union. That does not mean that we like everything it does or everything about the way the current arrangements have been established, but we believe that it is in the interests of our country to engage, campaign and fight for our interests within the European Union and not to turn our backs on it.

Several hon. Members *rose—*

Mr Lidington: I shall give way to my hon. Friend the Member for Harlow (Robert Halfon), then I shall make progress.

Robert Halfon: As the veto has been mentioned, perhaps it could be waved in front of the EU countries that are so against implementing a no-fly zone over Libya.

Mr Lidington: My hon. Friend makes an important argument, which is probably somewhat outside the scope of the treaty change that we are debating today, but it will have been noted by those he wished to hear his comments.

Mrs Anne Main (St Albans) (Con): We have touched on whether or not the Minister thinks our membership of the EU is a good thing, but we should ask the people whether they believe we should be in Europe. That is a question which, I am sorry to say, he has not answered.

Mr Denis MacShane (Rotherham) (Lab): The Prime Minister did.

Mr Lidington: The Prime Minister made it clear in answer to questions last week that he believes it is in the United Kingdom's interest to remain part of Europe. One of the things that my hon. Friend the Member for St Albans (Mrs Main) needs to say, in the hypothetical choice she advocates, is what the United Kingdom should leave the European Union in order to join. I will not stray beyond the confines of the motion this evening; I merely pose that question to my hon. Friend.

I shall give way to my hon. Friend the Member for Gainsborough (Mr Leigh); then I will make progress and not give way for a while.

Mr Edward Leigh (Gainsborough) (Con): The Minister argues that we should be part of the process, but is there not a logical absurdity in what he is saying? When the real decisions were taken, our Prime Minister was kicked out. We are like a cork bobbing in their wake. We have no real power over the eurozone. That is why many people now think the time has come for a referendum on whether to stay in or get out.

Mr Lidington: My hon. Friend, uncharacteristically, underestimates the influence of our right hon. Friend the Prime Minister. When we look at how he has managed to assemble and lead a coalition of countries committed to greater budgetary discipline—something that would not have happened without his initiative—and when we look at the work that he is leading at a European level on the need for growth, competitiveness and deregulation, we can see that the influence of the Prime Minister and of the United Kingdom is being felt. I would encourage—

Richard Drax (South Dorset) (Con) *rose—*

Mr Lidington: I am not giving way further.

I would encourage my hon. Friend the Member for Gainsborough to visit more EU member countries and talk to representatives of their Governments, and I think he will find that our right hon. Friend has in 10 brief months attained considerable respect and a high standing among the partner countries with which he deals and negotiates.

Let me turn to the proposed treaty change and how it came about. It originates from the need for a permanent mechanism to be established by the member states of the euro area to safeguard the financial stability of the

[Mr Lidington]

euro area as a whole. As the House knows, in May last year the EU established two emergency instruments to respond to financial crises—the European financial stability facility and the European financial stability mechanism. Many hon. Members have expressed their unhappiness at the EFSM arrangements, to which, because of a decision taken in the dying days of the previous Government, this country is a party. That unhappiness is wholly shared by this Government. It is yet another mess that we have inherited and must seek to clean up.

Against that backdrop and the continued uncertainty in the financial markets, the members of the European Council agreed last December to amend article 136 of the treaty on the functioning of the European Union to provide that member states of the eurozone may establish a permanent stability mechanism. That will provide a necessary means for dealing with cases that pose a risk to the financial stability of the euro area as a whole, something that is important to us given the extent of our trade and other economic connections with the eurozone even though we are outside it and intend to remain so.

The proposed amendment contained in the draft decision adds the following paragraph to article 136:

> "The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionality."

By providing for eurozone members to establish a permanent mechanism, the European Council is making absolutely clear the responsibilities of all members of the euro area to each other and to the overall stability of the euro area. The proposed new paragraph will be added to treaty provisions that apply—I stress this point—only to member states whose currency is the euro. It does not apply to non-euro area member states and cannot confer any obligations upon them. We believe that financial problems within the euro area should be resolved primarily by euro area members.

The details of how the ESM will operate are being discussed in Brussels. In accordance with the conclusions of the December European Council, member states whose currency is not the euro can be involved on a voluntary basis in finalising work on what will be an intergovernmental arrangement to set up the ESM under the authority given by this proposed amendment to the treaties. My hon. Friend the Financial Secretary to the Treasury is responsible for overseeing UK input to those discussions.

I want to stress that while we are involved on a voluntary basis in the design of the mechanism—it is in our interests to be so—we cannot and will not be part of the mechanism. In fact, we could not be part of the ESM unless the UK first joined the euro area, and as the whole House is already aware, the Government have declared their intention not to join or to prepare to join the euro. Furthermore, under the terms of the European Union Bill, if any future Government were so foolish as to wish to do so, they could join only with parliamentary approval by Act of Parliament and the consent of the British people in a referendum.

Mr Baron: Will my right hon. Friend return to the power of the veto that we have? I accept that the matter will come back to this place and that we will discuss it again, but surely we should now be trying to extract concessions in return for not using our veto. I ask him again, because he uncharacteristically did not address the point last time, whether we could be using our veto to extract concessions on the working time agreement—an aim that was, after all, in the coalition agreement.

Mr Lidington: On the working time directive, I completely share my hon. Friend's objectives. Work is going on involving, in particular, my right hon. Friends the Secretaries of State for Business, Innovation and Skills and for Health. We judge that the appropriate time to seek to give effect to the objectives set out in the coalition programme for government will be when the Commission comes forward with its own proposals to change the terms of the working time directive, which we expect will be some time in the next 12 months. That is the moment that will give us the opportunity to do this. However those changes to the working time directive might be given effect, there will have to be a legislative procedure involving not only the Council of Ministers but the European Parliament. It is at that time that we will need to deal with the matter.

Martin Horwood (Cheltenham) (LD): Does the Minister agree that the stability mechanism is a test of our willingness to engage positively with Europe and to act responsibly, using the existing procedures of the House and those laid down in the European Union Bill? After all, we have no interest in further weakness or instability in the eurozone; it is positively in Britain's interest to engage responsibly with the process, rather than to talk of vetoes or of extracting concessions on issues quite unrelated to the stability mechanism.

Mr Lidington: My hon. Friend makes good points. It is in our interests that the euro succeeds. Many in the House still doubt whether that is possible, but I can say only that, in discussions with my counterparts throughout the European Union, I recognise that those countries that have chosen the euro as their currency retain an incredibly powerful political commitment to the project, and I simply do not think it realistic to talk about shaking them from that and trying somehow to bring about some eurozone Gotterdammerung in the near future. The converse would be true: that sort of outcome—the disintegration of the eurozone—would cause enormous damage to jobs and to prosperity in the United Kingdom, precisely because of the interrelationship between the economy of this country and the economies of our chief trading partners.

Mr Jenkin: Will my right hon. Friend allow me?

Mr Lidington: No, I am not giving way again at the moment.

A number of my hon. Friends were also keen to be reassured that the proposed treaty change does not and will not transfer any competence or power from the United Kingdom to the European Union, and I want to reassure them now. As I have mentioned, the treaty change involves an amendment to one of the provisions that applies only to member states whose currency is the euro, not to others. Therefore, we cannot be part of the ESM without joining the euro itself.

The change is also being undertaken using article 48(6) of the treaty of the European Union, which explicitly states in its provisions that it

"shall not increase the competences conferred on the Union in the Treaties".

All member states are agreed on that point and stated so, in terms, in paragraph 6 of the recitals to the draft decision. The opinion of the European Commission, dated 22 February, reaffirms that the proposed treaty change does not affect the competences conferred upon the Union.

Some hon. Members have questioned whether the Government should be required to hold a referendum even when the United Kingdom is not directly affected, and this starts to address the point that my hon. Friend the Member for Stone (Mr Cash) made in an intervention. As I highlighted earlier, the European Union Bill, after our seven days of debate on it, will ensure that any treaty changes constituting a transfer of competence or power from this country to Brussels will be subject to a referendum. But this treaty change will enable no such thing, and it does not make sense to try to insist on a referendum on agreements that concern only other member states. It makes sense no more than it would have made sense for Germany to hold a referendum on the recent defence treaty between the United Kingdom and France.

The treaty change under discussion is in our national interests, but on top of that, to come to the point that my hon. Friend the Member for Basildon and Billericay (Mr Baron) made, the Prime Minster during the course of the negotiations achieved two further important objectives. First, as the conclusions of the December European Council and, more importantly, the preamble—the recitals, as they are known—to the draft decision itself confirm, once the ESM is established to safeguard the stability of the euro area, article 122(2), on which basis the European financial stability mechanism was established, will no longer be used for such purposes. Therefore, our liability—bequeathed by the previous Government—for helping to bail out the euro area through EU borrowing backed by the EU budget, under the EFSM, will cease. That was an important achievement for British interests.

Mr Cash: As my right hon. Friend will know, according to Reuters and many other news agencies Portugal is on the brink of needing a bail-out because its economy is imploding. Does he accept that, as this debate continues, we will be exposed under the EFSM to the tune of up to whatever is the proportion that we should contribute under the proposals until 2013, and that we should have insisted that that was repealed and revoked when the other arrangement was entered into? That is the concession that we should have got, and the Government did not even seek to achieve it.

Mr Lidington: We inherited from our predecessors a legislative measure that was brought in under an existing competence and treaty base and that was, from that time, legally binding. My hon. Friend will understand that I am not going to be drawn into speculating about the position of other individual member states. My understanding, on the basis of the most recent information that I have, is that no other member state has been asking the EU authorities for additional financial help.

As the Prime Minister has made clear many times in this House, securing a tight and disciplined budget for the future is the highest priority for the European Union. At the last European Council meeting, Britain led an alliance of member states to unprecedented success in limiting the 2011 EU budget increase to 2.91%—a very marked improvement on our predecessors' performance in the previous year. Crucially, in moving forwards, working alongside key partners such as France, Germany, Netherlands and Finland, we are committed to a real-terms freeze in the EU budget in the new perspective, which we expect to run from 2014 to 2020, and we have written collectively to the President of the European Commission setting out our position.

Mr David: The Minister claims that a great victory was achieved by our Prime Minister with regard to the 2.91% increase. Will he confirm to the House, however, that just a few months earlier he was opposing that?

Mr Lidington: That is no secret. It is a matter of public record that we would have preferred a complete freeze on the 2011 budget, and we voted for that in the Council of Ministers. I regret that we were one country short of achieving the blocking minority. *[Interruption.]* That kind of protest from the shadow Minister is rank double standards. The Labour Government not only conceded increases in the annual budget that went way ahead of anything like 2.91% but, even more significantly, negotiated an agreement on the current multi-annual financial framework in which they agreed to give up a significant slice of this country's hard-won rebate from the EU budget in return for no more than a half-promise of a review of agricultural policy, and they did not even manage to get that at the end of the day. We know that they were dysfunctional. According to the memoirs of the then Prime Minister's chief of staff, the Prime Minister and Chancellor of the Exchequer could so little stand the sight of one another that they refused even to share the figures that they were using in parallel negotiations about an EU budget, the settlement of which was absolutely central to the interests of the United Kingdom. Having let down this country so badly in the past, it ill behoves the Labour spokesman to come and lecture us this evening.

Should this House not approve the motion unamended, I have to say to my hon. Friends that the consequences could be serious and damaging for Britain. The Prime Minster would not be able to signal support for the draft decision in March, and since the decision cannot be adopted without unanimity, it would fall. That would mean, for example, that this country would remain, for the indefinite future, indirectly liable for eurozone bail-outs through the EFSM since there would be no ESM to replace it.

Mr Nuttall: Will my right hon. Friend give way?

Mr Lidington: I will give way for a last time before completing my remarks so that other hon. Members can make their speeches.

Mr Nuttall: Have we not missed an opportunity to include a specific provision to exclude the EFSM under article 122 of the treaty on the functioning of the European Union to prevent it from being misused, as it was previously? The article specifies providing financial

[Mr Nuttall]

assistance in the case of "natural disasters" or "exceptional occurrences". We should have spelt it out—it was our opportunity to do that.

Mr Lidington: Article 122(2) was interpreted by the then Governments of all 27 member states as capable of being used as a proper legal basis for the EFSM and we inherited that binding measure.

Martin Horwood: Article 122 mentions

"natural disaster or exceptional circumstances",

and the position certainly merits the word "exceptional".

Mr Lidington: We can debate whether that interpretation of article 122 was justified. However, the reality is that the mechanism had been established. I ask my hon. Friend the Member for Bury North (Mr Nuttall) to consider not only the fact that we inherited something that was legally binding, but that, if there had been some renunciation by the European Union of a mechanism, which, for all its imperfections, had given a measure of reassurance to the markets, there could well have been adverse consequences for eurozone countries, which would have had adverse consequences for United Kingdom companies and financial institutions with exposure and investments in those eurozone member states.

If we refuse to agree to the draft decision, the effect on our trading partners in the eurozone would not be helpful. I do not wish to speculate too much, but it is safe to assume that the markets would not view favourably a failure by the EU to establish a permanent support mechanism, especially when all 27 Heads of State had publicly set themselves a timetable that would conclude at the March European Council. The consequences for many economies that are already under pressure could be severe. The knock-on effect on the prospects for jobs, investment, growth and prosperity in the UK would also be severe.

I therefore believe that the case for approving the motion without amendment is clear. By supporting the adoption of this treaty change, the UK will support the members of the eurozone to establish a permanent mechanism, and thereby make clear the responsibilities of all members of the eurozone to each other and to the overall stability of the euro area.

We will ensure through our agreement that our current indirect liability for eurozone bail-outs ends in 2013, and because the mechanism is established using the treaty provisions specific to members of the euro area, it does not apply to us or other non-euro-area member states and cannot confer any obligations or duties on them. We will not be part of the ESM, and the treaty change does not therefore involve a transfer of competence or power from the UK to the EU. However, as I said earlier, I can pledge to the House that hon. Members will have the opportunity to scrutinise the decision in still greater detail, as the EU Bill requires parliamentary approval by primary legislation before the UK can ratify the measure.

7.54 pm

Mr Wayne David (Caerphilly) (Lab): There is no doubt that it is in Britain's national interest to do everything we can to ensure that the eurozone is stable and prosperous. It was therefore right for the European financial stabilisation mechanism, the EFSM, and the European financial stabilisation facility, the EFSF, to be created last May. In those extraordinary and dangerous circumstances, it was necessary to take swift action. More than 40% of Britain's exports go to the eurozone. If this country is to secure a strong economic recovery, exports to the eurozone must play a vital role.

Jacob Rees-Mogg (North East Somerset) (Con): I thank the shadow Minister for giving way. I wonder if he is correct. The history of economic crises shows that the countries that devalue and default first are often the first to recover. By sticking with the euro, Europe has therefore made a mistake and lengthened the period of distress for Ireland, Spain, Portugal and the other economies.

Mr David: It is for other European Union member states to decide whether they wish to be part of the eurozone, and there is no doubting their commitment to it.

When the dust had settled after the fraught days in May 2010, moves were made to establish a more permanent stabilisation mechanism, facilitated by a treaty change to provide a stronger legal base. That mechanism will come into force after 2013 and will replace the EFSM and the EFSF.

I find the procedure before us rather strange, to say the least. When or if the European Union Bill, which is currently in the other place, reaches the statute book, there will be a change to the relevant constitutional procedure, as the Minister explained, and the procedure that we are using this evening will no longer apply. Instead, we will have what is essentially a post-decision procedure. Treaty changes will require a statement to be laid before Parliament on whether the decision falls within clause 4 of that Bill. I understand that the treaty change to establish the European stabilisation mechanism would not fall within clause 4, so would not trigger a referendum. However, it would require an Act of Parliament. The Government have said on at least three occasions, and have confirmed this evening, that they would seek the support of the House, using the procedures of the European Union Bill, by introducing primary legislation. As the Financial Secretary to the Treasury said:

> "The mechanism is not a transfer of power from Westminster to Brussels, so it does not require a referendum, but it will require primary legislation, which will be introduced in due course."—[*Official Report, European Committee B*, 1 February 2011; c. 12.]

Given that commitment, I wondered why the Government were putting forward this motion at this time. The reason, of course, lies in section 6 of the European Union (Amendment) Act 2008, which requires that when a decision under article 48(6) of the treaty on European Union is proposed, a Minister must introduce a motion and have it passed by both Houses of Parliament without amendment. That must happen before the Prime Minister can give his agreement to the adoption of a draft decision at the European Council. In other words, for the Prime Minister to be able to give Britain's support to this draft proposal at the European Council meeting at the end of next week, it is necessary to secure the approval of Parliament.

I want to make a point about procedure. I welcome what the Minister said earlier on this matter, and I hope

that the Prime Minister will adhere to that if there is even the smallest change to the proposed amendment. I hope that that is truly a cast-iron commitment.

Mr Jenkin: Is the hon. Gentleman saying that the European Union Bill will set aside the procedure set out in the 2008 Act, and that there will no longer be a requirement to bring draft Council decisions before this House before they are made? I think that he should invite the Minister to intervene on him to clarify whether that is the case.

Mr David: I would indeed welcome clarification on that subject. Indeed, I intervened on the Minister earlier and received no clarification. It is my understanding that the new procedure will supersede the procedure that we are using this evening, and that the procedure will be post-decision rather than pre-decision. I invite the Minister to clarify that.

Mr Lidington: I am happy to provide clarification. The present decision is unique, in that it is being handled under the 2008 arrangements but will also become subject to the arrangements in the European Union Bill—assuming that it becomes law. The Bill, which we debated for seven days, will extinguish the 2008 arrangements, but it will ensure that after the adoption of the decision, in order for ratification to take place, the text agreed by Heads of State and Government at their final adoption meeting must go through all stages of primary legislation in both Houses.

Mr David: I thank the Minister for that clarification, but although there might be extensive post-decision debate, after the implementation of the Bill we will no longer be in a position effectively to give the Prime Minister a mandate. That is a step backwards and a negation of democracy.

Matthew Hancock (West Suffolk) (Con): The hon. Gentleman has just said that he believes it is an error not to have a mandate, but did the previous Government have a mandate when they signed up to the EFSM after losing an election?

Mr David: I have already referred to that point. The former Chancellor and Government were facing exceptional circumstances, and my guess is that if the current Government had taken over the reins at that point, they would have done exactly the same thing.

Mr Lidington: The idea that the new system that will be introduced in the Bill is somehow weaker than the current one is laughable. An Act of Parliament is a much tougher form of scrutiny and accountability than a single vote before the initial decision is taken. Under the 2008 Act there would be no need for primary legislation before ratification took place. Furthermore, in extinguishing the 2008 provisions the Bill will extinguish the possibility of a disapplication procedure, which exists under the 2008 Act and would allow the Government of the day, by means of a motion such as the one before us this evening, to decide that its Head of Government could agree a change to a text without ever coming back to Parliament to give it a further opportunity to comment.

Mr David: I hear what the Minister says, but it does not alter the fact that we will no longer be in a position effectively to give the Prime Minister a mandate. Effectively, he will be able to do what he wants and have it retrospectively approved.

Jacob Rees-Mogg: I thank the shadow Minister for giving way a second time. It is very generous of him.

Tonight's debate came about initially because of a suggestion by the European Scrutiny Committee, which could continue to recommend draft decisions for debate in the House before the Prime Minister went off to negotiate, and then we could have a Bill later. I do not really think we have lost anything.

Mr David: I think that statement was really made for the Minister's benefit, and it would be useful to have his response to it.

Mr Lidington: What my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) said is absolutely true.

Mr David: I am glad that for once there is unanimity on the Conservative Benches.

I have two concerns that I should like to dwell upon related to the broader situation in which we find ourselves. The first is the fact that the countries of the eurozone have apparently established a new decision-making structure. The reasons they have done that are perfectly understandable, but it is worrying that the Government do not acknowledge that decisions taken by the eurozone countries could have profound implications for the UK. Take, for example, the issue of the single market. The development and completion of the market is of critical importance to Britain, but we have to be aware that there could be a temptation for the eurozone countries to see the single market in eurozone terms only.

In fairness, the conclusions of the Heads of State and Government of the euro area summit last week state that the new pact for competitiveness and convergence will respect the integrity of the single market in the euro area and the EU as a whole, and the involvement of the European Commission in the work of the euro area group should be a safeguard.

Mr Peter Lilley (Hitchin and Harpenden) (Con): Is the hon. Gentleman suggesting that eurozone members propose to break up the single market, which is established by treaty of all member states, and to impose borders, restrictions or differences between the rules that apply in eurozone countries and those that apply in the rest of the single market? If he is not, his point falls.

Mr David: I am not making that point at all, and with respect, the right hon. Gentleman has not listened carefully to what I said. The statement issued by eurozone countries makes it clear that they will acknowledge, respect and uphold the integrity of the single market. I am simply making the point that the development of the single European market is a key issue. It should be one of Britain's priorities—it would be, if we had a proactive Government—to ensure that the single market continues to develop. My concern is that in future the eurozone countries, which are perhaps more tight-knit than the rest of the EU, could be tempted to extend the single market provision among themselves rather than applying it to other member states.

Matthew Hancock: Is the hon. Gentleman therefore suggesting that the Labour party position is that the UK should be a part of the European stability mechanism, and therefore tied into bailing out eurozone countries, or does he agree with the Government's proposal that the European stability mechanism should be for eurozone countries only?

Mr David: If the hon. Gentleman bears with me, I will tell him what I propose.

One sure way to prevent the single market from developing in a way that does not work to Britain's advantage is for Britain to be involved in the current discussions. It is important for us to have an appropriate involvement in eurozone summits. I understand that countries such as Poland and Sweden, and even the Czech Republic, which has absolutely no intention of ever joining the single currency, have already indicated that they wish to be involved in those discussions. In contrast, Britain has made it clear—so I am told—that it does not want to be involved in any way whatever. I suggest that that is potentially harmful to Britain's national interest, and therefore urge the Government not to close the door on our eurozone partners.

The second issue is another important and profound one. I have reservations about the economic and political assumptions that underpin this treaty change and the ESM. Let me be clear that the eurozone countries are correct in agreeing a permanent crisis mechanism. To that extent the treaty change is understandable, but my concern is that the ESM is part of a wider economic approach that is completely insufficient to address Europe's deep-seated economic problems. Austerity, rapid economic retrenchment policies and fiscal consolidation will not of themselves create the kind of growth that the eurozone desperately needs. If all EU countries cut back at the same time, growth is likely to be sluggish at best. The hardest hit countries could find themselves facing stagnation, or even another recession. The risk is low economic growth and high long-term unemployment, with the poorest member states being hit hardest.

Of course, Europe has a 2020 strategy, which is supposed to be a 10-year strategy for jobs and

"smart, sustainable and inclusive growth".

The stated aim of the strategy is to help Europe to deliver structural reforms and to recover from the crisis. However, although it is full of good intentions, the strategy plays second fiddle to Council and the Commission plans for deep economic retrenchment. It is clear that throughout most of Europe economic recovery is far from strong, and there is little evidence that private sector job growth will be fast enough to compensate for the huge number of jobs lost in the public sector. My concern is that the political and economic philosophy underpinning the treaty change and the ESM will make economic recovery in the eurozone both fragile and uncertain. As I said at the beginning of my speech, that is not in Britain's best national interests.

These are important and serious reservations, and I hope that our concerns will be listened to carefully. Europe, including Britain, needs a coherent, well-thought-out growth strategy. Without that, the treaty change will fail to deliver the stability and prosperity that we all want.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. The debate will finish at 8.41 pm, so there is slightly over half an hour left. There will be no wind-up, so the allotted time is for Back Benchers. However, there is no time limit on speeches, so if Members could please show discipline and restraint, more people will get in.

8.10 pm

Mr William Cash (Stone) (Con): The essence of this debate is not just the technicalities, which we heard about at great length from the Minister, but something far more fundamental—the political landscape of Europe. The Minister knows it and the Foreign Office knows it. To give an example, there was a massive row between Nicolas Sarkozy and Mr Kenny about the terms of European economic governance only a few days ago. Furthermore, as was said this week in *The Economist*:

"Mrs Merkel has struck a Faustian bargain with France's Nicolas Sarkozy."

He knows that France is losing influence, and as one senior EU official commented:

"France needs Germany to disguise its weakness, and Germany needs France to disguise its strength".

The fact is that we have the strength to prevent this hybrid treaty arrangement, which presents Germany with a predominant role. We have great sympathy for Germany's predicament, given that it contributes so much to the European Union and is having to pay out so much. I have fairly regular meetings with German politicians, who tell me that if their country had the opportunity, it would almost certainly go back to the Deutschmark. There is a serious crisis in Europe, but the response is about the nature of a treaty, something in which this Government are acquiescing—it is not far short of appeasement.

The plain fact is that this is a serious moment for the future of Europe. This is a new, unprecedented situation, and it is accompanied by other proposals, which, as I understand it, will also be considered on 24 and 25 March, namely the proposals for the euro pact, which has otherwise been known as the competitiveness pact. However, nobody really knows exactly what the ingredients of it are, any more than they knew about the ingredients of the proposal that we are discussing this evening in its earlier stages. Indeed, I had to use an urgent question to extract from the Government the fact that it was even being made. That is the manner in which Europe works: by secrecy and behind closed doors. Indeed, there are already signs of committees meeting, and we are discovering—through leaks and otherwise—the manner in which they are going forward.

One element in all this is that, as my hon. Friends have rightly said, it would have to be determined by unanimity, so we would have the leverage to stop this juggernaut moving forward. I described it the other day as being like an aircraft carrier in comparison with a rowing boat, but we in Britain will not be regarded as a rowing boat by any means. If such arrangements were being made co-operatively by a voluntary association of nation states, I would be the first to say, "This is fine", but they are not. They are being dealt with in the context of a legal treaty. We are parties to it, which is why clause 4 of the European Union Bill is such a disgrace. I say this with great respect for my right hon. Friend the Minister, but he talks about how we would

be under no legal obligation and how there would be no transfer of powers or competences, but that is not the issue. The issue is whether the United Kingdom is affected. That is the point that I put to the Prime Minister repeatedly, and he cannot answer it. The fact is that the arrangements in question do affect the United Kingdom. They are matters of foreign policy; they are not just constitutional questions relating to sovereignty, competence and powers.

Martin Horwood: I hope that the hon. Gentleman appreciates that I am missing the Cheltenham festival to be in Parliament this week, which I do not mention flippantly. The festival is enormously important to my constituency economically, and it depends enormously on Irish euros to make it succeed. If in the long run the outcome of the stability mechanism adds some discipline and rigour to eurozone economies such as Ireland, can he not see that that would be of enormous benefit to the festival, to Cheltenham and to the whole of the UK, and should we not do everything in our power to facilitate it?

Mr Cash: I was one of the first—in fact, I think I suggested that we should help Ireland through the bilateral Bill that we eventually produced. However, the Irish are now being put under pressure, at the dictation of Germany in particular, to reduce their corporation tax. That will not do much for the Cheltenham gold cup.

There is a serious problem, because the Government are effectively obscuring the nature of this measure by giving the impression that it is all about institutions. It is about realpolitik. In the days of Bismarck, the German states were brought together in a customs union. That was done for understandable reasons; I do not want that to be misunderstood. However, there is now a problem for Europe. Our problem is that, in the 43 minutes that the Minister spent addressing the House, he did not deal with the politics of this matter at all. That is most unfortunate. In every serious commentary on this issue, including those in the *Financial Times*, the real question is whether Germany is becoming increasingly predominant, and whether that is intentional or whether it is happening by accident and Germany is making the most of it.

Germany is making the most of the financial crisis to get a greater degree of political control, and the question of whether we can influence that by entering into an arrangement of this kind—which affects us even though we are technically excluded from it—is a serious foreign policy matter for the innermost parts of the Foreign Office. It is also a matter for this House. I believe profoundly that these issues, including the euro pact itself, are not being properly disclosed. The Minister might know what is going on, but we do not. We are not being told. We do not know what the strict conditionality affecting the other member states in the eurozone will be under article 138 as amended. The plain fact is that in that conditionality a crisis lurks. If over-severe conditions are imposed, we will have another crisis in Europe.

This is a bad treaty proposal. The leverage comes now, when we have the opportunity to say no. The Government propose that this will be dealt with in a Bill, but that will be far too late. The Government are acquiescing in this, and I regard that as a form of appeasement to the modern problems of Europe in the form of a predominant Germany, which is not in the interests of Europe, not in the interests of the United Kingdom, and not in the interests of Germany itself.

8.18 pm

Mr Denis MacShane (Rotherham) (Lab): I actually agree with some of what the hon. Member for Stone (Mr Cash) said: a lot of this does turn on Germany. We are told that the eurozone is a disaster zone, economically, but we can now see that Germany is succeeding rather well in the eurozone according to all the indices that matter: growth, falling unemployment and exports. I agree that Germany is playing its hand. I am worried about the German position on intervening in Libya, but that is the price we pay for—

Martin Horwood: Will the right hon. Gentleman give way?

Mr MacShane: Very briefly. I want to take up only two or three minutes.

Martin Horwood: I hope that, while endorsing the words of the hon. Member for Stone (Mr Cash), the right hon. Gentleman will dissociate himself from the hon. Gentleman's use of the term "appeasement" in connection with Germany. It was profoundly distasteful and quite inappropriate to this debate.

Mr MacShane: I thought the hon. Member for Cheltenham (Martin Horwood) made an important intervention earlier this week about the Saudi invasion and occupation of Bahrain, but that is another point. I am sorry, but the hon. Member for Stone has put his finger on a very profound point, although I would not use the term "appeasement".

I have affection for the Minister for Europe, who was like Horatio defending the bridge, fighting all by himself "for the ashes of his fathers and the temples of his Gods", as the Tuscan hordes—the Eurosceptic hordes—bore down on him and tried to thrust him to one side in order to bring to bear their vision of what Britain should be like. This is a very serious development. The Government have used article 48(6) of the treaty of the European Union—the famous passerelle clause, which was not meant to be used.

We are agreed that part of the problem is connected with the budget freeze, about which the Minister spoke so passionately and proudly, but in exchange the President of France is going to get an absolute block on any common agricultural policy reform. Right hon. and hon. Members should have no illusions about that; if any part of Europe is frozen, it all tends to start freezing. In the agreed statement, although the new mechanism applies only to eurozone or euro-using members, it fully engages Britain. As the key statement we are debating tonight states:

"The Heads of State or Government of the euro area"—

that is not us—

"and the EU institutions have made it clear... that they stand ready to do whatever is required to ensure the stability of the euro area as a whole. The euro is and will remain a central part of European integration. In particular, the Heads called for determined action in the following areas",

[Mr MacShane]

which were specified. The Heads of the European institutions speak for us. That means the President of the European Council. We appointed him, as we appointed the President of the European Parliament. Our MEPs elected him. I am afraid that this is not simply a matter solely and exclusively for the eurozone. Frankly, this might be a comfort blanket that my dear friend Horatio is trying to throw over the noisy bedsteads of the Tuscans behind him, but the fact is that this will commit Britain to take part in decisions that involve us as a nation.

When I said in a debate last week that the Prime Minister, after discussing the Libyan crisis on Friday, would be asked to leave the room, the hon. Member for Stone intervened, as some Members might remember, and read out a press release saying that the British Prime Minister would take part in these decisions on the architecture of economic governance of Europe as a whole. The hon. Member for Stone might care to recall that, last Friday, as soon as the Libyan discussions were over—they ended, frankly, in nothing, with bits of paper being waved around—the serious decisions of the European Council started and lasted all through Friday afternoon, Friday evening and Saturday. The Irish Prime Minister, the new one of the newly elected Government, went home, not achieving what the Irish people had voted for, but we were absent. This is what the Deputy Prime Minister rightly calls the "empty chair" policy of the present Government, which greatly worries me.

We will pass this legislation tonight, but I accept what the hon. Member for Stone said—this is a matter of high importance. I worry that we are slowly isolating ourselves from the main thrust of decision making in Europe. I think the Minister is putting up a firm defence. The Prime Minister, however, at Prime Minister's Questions last week, dismissed the intervention of the hon. Member for Wellingborough (Mr Bone)—I do not mean that unkindly, as I thought it was one of the nicest interventions ever. The hon. Gentleman appealed to the Prime Minister for an in-or-out referendum, but the Prime Minister effectively said on behalf of the British nation state that we are not leaving and that we are not going to a have a referendum, as we are part of Europe.

Mr Bone: Will the right hon. Gentleman give way?

Mr MacShane: I have quoted the hon. Gentleman, so I suppose I should.

Mr Bone: I would like to correct the record. The Prime Minister gave his view on how he would vote in an in/out referendum, but he did not rule out either way whether we would have a referendum. He left that entirely open.

Mr MacShane: Yes, and I am going to win the lottery on Saturday! I think the Prime Minister was very clear that we are not going to have an in-or-out referendum and that we are staying in the EU. If we are to stay in the EU, it is better to work co-operatively and effectively in it. Unfortunately, the Government do not accept the consequences of their full membership of the EU. They are pretending—here we find that dear Horatio has been waving a wooden sword—that the measure before us somehow excludes Britain from future responsibilities. It does not; it will not: the European Union issue will go on and on for the rest of this Parliament.

8.25 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): I intend to speak very briefly. First, let me thank my right hon. Friend the Minister for clarifying the procedural issues. I wrote in a note to colleagues that I understood that this would be the last occasion on which we could scrutinise the process before ratification. I now understand that that is not correct, although certainly the decision will be set in stone, and we shall not have an opportunity to change it unless we vote down the Act of Parliament that will be implemented. However, I should like one further clarification.

I understood that whatever amendment was made to the text of the treaties would require an Act of Parliament, regardless of whether the European Union Bill was passed, because that is the way in which we have always implemented treaty changes. To that extent, the EU Bill means no change. It would be a shame if we lost the opportunity to discuss matters before they go to the Council, but I accept the point made by my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) that it is up to the European Scrutiny Committee to bring them before the House.

In the few minutes for which I intend to speak, I shall concentrate on what was said by my hon. Friend the Member for Stone (Mr Cash) and by the right hon. Member for Rotherham (Mr MacShane). The Government should be worried when there is agreement between those two Members. On this occasion, they agree that momentous events are afoot. My hon. Friend seemed to be saying, in so many words, that while we had always opposed the formation of a federal Europe which would inevitably be dominated by Europe's major economic superpower—Germany—we were now facilitating the creation of a federal Europe, at least within the eurozone.

The text that we are approving states:

> "Member States whose currency is the euro may establish a stability mechanism to be activated",

and so forth, but there is no explicit exclusion of countries that are not participating in the euro in terms of its effects. What exactly is a mechanism? We have in mind some kind of bail-out fund, but the annex to the Council conclusions that were produced in December contains a draft decision that refers in more detail to what this instrument might actually concern. It states:

> "The ESM will complement the new framework of reinforced economic governance, aiming at an effective and rigorous economic surveillance, which will focus on prevention and will substantially reduce the probability of a crisis arising in the future."

All that sounds extremely beneficial and positive, but, as we know, the problem is that although specific sanctions do not apply to non-euro state, there is no exclusion of economic governance over all member states. Everything that the EU does implies that one day all its members will be members of the euro. That is clearly the direction in which it wants things to travel.

Mark Reckless: Is my hon. Friend aware that the issue is clarified by the decision made on 11 March on the pact for the euro? Annex I contains four guidelines. Guideline (b) refers to "Participating Member States"

and guideline (d) to "Euro area Member States". Guideline (c) states that we must consult our partners

"on each major economic reform having potential spill-over effects",

and that that applies to "Member States", but it makes no reference to the euro or to participating. It does involve us.

Mr Jenkin: I am grateful to my hon. Friend for pointing that out. It underlines the fact that we are at a crucial crossroads in the development of the European Union and our relationship with our European partners.

A few months ago I attended a private discussion, and those present included some very senior recently retired Government figures. One of them said—Chatham House rule, I am afraid—"You must be very pleased, Bernard, that the new Government are going to consider all this, because obviously there will be a consolidation of the eurozone area, and Britain will have to establish a different relationship with the European Union because we will remain outside it." I said, "Well, I'd love to think the incoming Government have thought about all these things, but it seems that their minds are closed. I don't think they want to think about this at all." The result is that events are sweeping us along. We are not setting the agenda. The agenda is being set for us, and we are not even looking ahead at the consequences of what we are agreeing to.

That could have profound consequences for the future of our relationship with the EU. Indeed, I would say that it brings forward the inevitability of the United Kingdom finishing up having to make a dramatic in-or-out decision. If the Government have a lever in their hands but are still unwilling to exercise leverage to start drawing the distinction between those who want to consolidate the euro area and those who want to remain outside it, we do not have a European policy worth the name. We will therefore be driven into deciding on this binary question of whether we stay in or get out—and I hear that the Labour party may be beginning to flirt with the idea of holding the referendum that it denied the British people when it was in office.

We should consider the vote achieved by the UK Independence party at the recent by-election, as there has been a constant upward trend in every by-election since 1997. If we do not recognise that a part of the despair with politics that we experience in our daily contact with our constituents is a result of our powerlessness, and of our denial of the real choices and issues facing this country, we will drive those who feel such despair into the hands of more extreme parties than the mainstream ones where we all wish to be.

I leave the following thought with my right hon. Friend the Minister. As this Parliament progresses, this debate will not subside or go away. Instead, it will become more intense, particularly as the economic realities of the euro are based on denial. It is rather like the denial that there was for a period in respect of the European exchange rate mechanism before it broke up. However, because it is so much harder to break up the euro, the denial will go on for longer and the pain inflicted will be much more intense. There will be riots in the streets of European capitals before this situation is resolved, because I do not think it is possible for countries to make the kind of adjustment that the euro is currently imposing on them without the flexibility of separate currencies, which is why it is an accepted fact among many economists that at least some of the southern European states will leave the euro before this crisis is out.

Several Hon. Members: *rose*—Order

Mr Deputy Speaker (Mr Lindsay Hoyle): Three speakers wish to contribute, and there are eight minutes to go. I call Steve Baker.

8.33 pm

Steve Baker (Wycombe) (Con): First, I wish to associate myself with the remarks of my hon. Friend the Member for Harwich and North Essex (Mr Jenkin). Too often, when addressing questions such as the one under discussion we get bogged down either in procedural matters or, matters that verge on the nationalistic, but this evening he has transcended that old territory and talked about what is good for the UK and Europe in broader terms. I shall attempt to add to his remarks.

If we wish to say something about what is going on in Europe today, we must talk about the broader sweep of political economy, and I therefore also refer to the remarks of my hon. Friend the Member for Stone (Mr Cash). We must say something about the EU, and I say this:

"It is the last gasp of an outdated ideology, a philosophy that has no place in our new world of freedom, a world which demands that we fight this bureaucratic over-reach and lead Europe into the hope and potential of a new, post-bureaucratic age."

That is how the BBC reported the remarks my right hon. Friend the Prime Minister made in Prague in November 2007, which, coincidentally, was the month when I joined the Conservative party and approached my right hon. Friend the Minister for Europe to discuss becoming a Member of Parliament.

Mr Lidington *indicated assent.*

Steve Baker: I see that my right hon. Friend remembers that, but I suspect he regrets giving me the reference.

Mr Lidington *indicated dissent.*

Steve Baker: I am most grateful for that.

We have talked about political economy, and great matters are at stake. It seems to me that there have always been two visions for Europe: a classical liberal vision and a vision of a so-called social Europe—an interventionist Europe. A classical liberal Europe would enable free movement of people, services and goods, all of which are to be applauded because we know that human flourishing depends on free trade and peace. The big question is: when did Europe become a social Europe, a socialist Europe and an interventionist Europe? Is it right that we put our faith in the omnipotence of government to solve all our problems and to deliver stability and prosperity?

With this measure, the European Union becomes explicitly a transfer union and is explicitly moving money and wealth around from one member state to another, and I suspect that Germany has very nearly had enough of it. We should not persuade ourselves that this is an entirely new phenomenon. I was most grateful to my hon. Friend the Member for Stone for giving me the opportunity to write in his European journal with a colleague and friend of mine, Professor Philipp Bagus,

[Steve Baker]

a German economist at a Spanish university. We explained how the European Union is inherently a monetary transfer union. By monetising their debts, profligate countries have been able to appropriate for themselves wealth from the productive nations such as Germany. This has been going on in a way that very few people understand for a very long time, and I believe that it has substantially contributed to the crisis that we are in. Having lived with this principle of redistribution by subtle means for a long time, we now seem to be explicitly adopting the notion of fiscal transfer union and direct economic governance.

Mr MacShane: May I invite the hon. Gentleman to read the *Hansard* record from 1984 when Mrs Thatcher brought back the rebate? My right hon. Friend the Member for Blackburn (Mr Straw) said that she had hauled down the Union Jack and hauled up the white flag of surrender to Brussels. She replied that that was quite wrong, that it was right that we should transfer, and right that we aid Portugal and the poorer members of the EU. At times, I feel like a Thatcherite.

Steve Baker: I am grateful to the right hon. Gentleman for that, but the question is not whether we should help our friends in Europe, but how we should do so. Everybody here is interested in securing the maximum of human flourishing right across Europe—I do not doubt that—but the question is how to do that. Should it be done through the omnipotence of the state or through free trade, free markets and peace?

I believe in stability and prosperity for Europe, but I do not believe for one moment that the European Union is capable of delivering it. I finish by reading a quote from a great French liberal statesman. He said:

"The state is that great fiction by which everyone seeks to live at the expense of everyone else."

If this measure goes through, Europe will indeed have adopted that idea and it will have done so very much to its disadvantage.

8.38 pm

Mr Peter Lilley (Hitchin and Harpenden) (Con): I am grateful for the opportunity to speak in this debate. I had not intended to do so, but I wish to set the Minister's mind at rest. I can assure him that few, if any, Members who have reservations about this wish to block the treaty amendment incorporated in this motion. He rightly said that it is in our national interests that the eurozone should seek the maximum stability and be empowered to do so. He went on to say that we must therefore not impose any conditions in giving Europe permission to go ahead with this treaty change. That is a non sequitur. As long as we suggest reasonable and moderate conditions and concessions by way of repatriation of powers, there is surely no conceivable likelihood that Europe will forgo something of first order importance to it in order to prevent our having something that is of very minor importance to it. Would Europe seriously forgo establishing a stability mechanism for the euro in order to prevent our getting back powers over the working time directive? This is of second order importance to us, but of first order importance to Europe, so it provides an opportunity for us to seek concessions, and we should take that opportunity.

The second reassurance I want to give the Minister is that we on the Government Benches want the coalition agreement to be implemented. We see in the measure an opportunity to carry forward that agreement, which commits the coalition to a review of all the powers and competences that have been given to the European Community. The only purpose of doing so is to see which of them should be returned to this country. Many suppose that the Liberal Democrats do not really want that to happen. I am sure that some do not, but one of the joys of coalition for me has been getting to know more Liberal Democrats, and I know that many of them are quite pragmatic about this. One very senior member of the coalition Government has told me that he believes that 30 or 40 of the measures that were transferred in the Lisbon treaty and others should be returned. The whole coalition Government, not least the Liberal Democrats, are committed to the principle of localism. They want to see government in this country when it is not appropriate for it to be transferred, or if it has been wrongly transferred to Brussels in the past. This is an opportunity to secure the return of those powers and I urge the House to take that opportunity.

Question put.

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 23 March (Standing Order No. 41A).

PETITION

Police Station (Wombourne, South Staffordshire)

8.41 pm

Gavin Williamson (South Staffordshire) (Con): It is a pleasure to present this petition, which has been signed by 1,256 people who support my campaign to keep a police station in Wombourne.

The petition states:

The Petition of residents of the South Staffordshire constituency, and others,

Declares that the police station in Wombourne is being considered for closure; and further declares that Wombourne has a population of 14,000 who depend upon the service that it provides.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to ensure that the police station or a new alternative station is opened in the village of Wombourne to serve its residents and those in the local area.

And your Petitioners, as in duty bound, will ever pray.

[P000902]

Classroom Teaching Assistants (Cumbria)

Motion made, and Question proposed, That this House do now adjourn.—*(James Duddridge.)*

8.42 pm

Tony Cunningham (Workington) (Lab): It is nice to see so many Cumbrian MPs in the Chamber, because it demonstrates just how important this issue is. I will begin by being extremely blunt. What Cumbria county council is doing through the single status process is wrong and unfair. Classroom teaching assistants are angry, disillusioned and demoralised. I have had more than 70 teaching assistants come to my surgery recently. They feel hurt, upset and desperately worried about their future. The situation has brought some of the most caring and professional people I know out on to the streets of Cumbria. That is how important this matter is to them. Regardless of the levels and bandings they fit into, they see what is happening as grossly unfair. This is really about reducing people's salary by a third. It applies to staff in care homes, some of whom came to see me recently, and I am told by a lady called Sarah Field that adult education teachers are in the same position, but this debate is about teaching assistants.

I recently spoke to a head teacher in west Cumbria who told me that back in 1997 the only additional resources she had had were packs of felt-tip pens. Her school had since had new classrooms, new computers, whiteboards and all sorts of modern innovations, but she said, "I'll tell you something: the most important resource we have in schools is classroom assistants." That is how strongly she felt about the situation.

Teaching assistants work as an integral part of the team. It is not strange or even a coincidence that Cumbrian primary schools are in the top 10% in the country; I think it is very much to do with the support staff, who are working with teaching staff and improving standards in teaching and learning. Support staff enrich the experience of pupils. Teaching assistants cannot be lumped together as their jobs vary enormously. They do a fantastic job, and some work with children with complex needs.

Mr Jamie Reed (Copeland) (Lab): I wish to point out the expertise that my hon. Friend brings to this debate: he was formerly a teacher in west Cumbria. Does he agree with me and with Ofsted that the introduction of teaching assistants has made an absolutely fundamental difference to attainment levels in primary and secondary schools, not just in west Cumbria but across the country, and that the abolition of the national pay and conditions framework, the effects of which we are now seeing, will lead to a race to the bottom when it comes to pay?

Tony Cunningham: I wholeheartedly agree; I could not agree more with my hon. Friend. Let me read out what an assistant teacher in a special needs school has said:

"Children with complex needs have to be changed because of incontinence, and then physiotherapy is needed and leg splints applied, then hoisted onto the standers. After one hour they need taking out of their standers, tubes put in place and connected for feeding, after feeding medication is given. Children need this every day, plus hydrotherapy once a week. Children with challenging behaviour need assistance with Makaton (This uses signs, symbols and speech to help people with learning and communication difficulties to communicate.)...Children with learning difficulties need a lot of time, encouragement and resources like Makaton to enable them to achieve objectives and enjoy their lessons.

These are only a few of the duties I do with our children. I love my job, but a reduction in my wage will make it very difficult to carry on working in this school. Our children are the only reason we love to go to work".

Is anyone going to tell me that that classroom assistant deserves the loss of a third of her salary?

If one asks the teachers and school governors what they think, they will say that the assistants do a great job and thoroughly deserve the pay that they get. They do not earn a lot; a full-time teaching assistant earns around £14,700 for a 32.5 hour week. The cuts will reduce their salary to £11,140. The council justifies the pay cuts by arguing that teaching assistants have a shorter working week and longer holidays than other staff. The council claims that teaching assistants get paid for 37 hours a week and receive 14 weeks' paid holiday.

Rory Stewart (Penrith and The Border) (Con): I thank the hon. Gentleman for raising this important issue. Will he clarify the single status aspects of the issue? To what extent does he think that the situation is part of national law, or is Cumbria doing something different from other county councils? What might the other options have been, within the legislation?

Tony Cunningham: If the previous Government's policy had been continued, those classroom assistants would not have fallen within the single status process. That is the reality. It is not too late to change that; there are opportunities to do so. My figures are only rough but, interestingly, in Cumbria teaching assistants get something like £8.60 an hour, whereas in Lancashire they get £11-something an hour. It is not as though Cumbria has to, or is forced to, do what it is doing.

John Stevenson (Carlisle) (Con): Is not one solution to make teaching assistants a sub-group for the purposes of single status, so that their job qualifications and requirements are analysed on that basis?

Tony Cunningham: That is worth looking at, but inherent in what the hon. Gentleman says is the fact that he, like many other Cumbrian MPs, can find faults and flaws in the system; otherwise, he would not suggest changes to it.

I return to the point that I was making. The council's claim is denied by the assistants. They are contracted for 32.5 hours and are paid for 32.5 hours. As for holidays, they are paid term-time only, albeit in 12 equal monthly payments. The special educational needs allowance given to teaching assistants working in those schools, doing work that I have just outlined, is being abolished. I echo Brian Lightman, the general secretary of the Association of School and College Leaders, who said:

"Working in a school is not the same as working in a county hall or local authority. These people need to have a proper set of pay and conditions that recognises what they actually do in schools."

As my hon. Friend the Member for Copeland (Mr Reed) pointed out, I taught for about 11 years in west Cumbria, and I am the parent of children who have gone through the system, so I know the value of teaching assistants.

[Tony Cunningham]

The proposed pay cut is not just about money. It is about the standing in society that it gives to those who get little but give a lot. It is about people who are already on a low wage having that wage reduced even further, with no regard for what they do, what they contribute, or their input into our community.

Let us imagine what would happen if the Deputy Speaker suddenly announced that the wages of all of us in the House of Commons were being cut by a third, and the furore that that would create. Teaching assistants are not asking for thousands. They are not asking for bonuses. We read in the papers about the millions of pounds that bankers get in bonuses. Teaching assistants are asking to keep their wages the same as they are. That is not too much to ask. As a further insult, they do not even have the individual right of appeal. The fact that the volume of appeals is large should not be a reason to take away someone's right to be heard.

I go back to what this says about our values. Surely these people should not be subject to a pay cut. Such an attack demoralises the very people we need to inspire our children. For my constituents, it is vital that their children—our children—are valued. That means that we value, and show that we value, the people who work with them. We do not just give them warm words; we give them a decent wage. We need to help our schools to continue to improve. To do that, we need highly motivated staff. We need to recognise the value of teaching assistants and what they give to our schools.

I plead with the Minister to do everything in his power to stop what is happening, to ask the county council to rethink its strategy, and to work with the unions and any other relevant bodies to find a satisfactory solution. My message to Cumbria county council is clear—please, stop and think again. The bottom line is this: if the process goes ahead, it will be bad for the classroom assistants, for teachers, for schools and for the children we care so much about.

8.52 pm

Tim Farron (Westmorland and Lonsdale) (LD): I pay tribute to the hon. Member for Workington (Tony Cunningham) not only for calling the debate, but for being generous with his time. I shall be brief and not take advantage.

The debate is about a group of people who are already not well paid—Cumbria's teaching assistants are the second worst paid in the country, and that is before any pay cuts. It is about justice for them and about the impact on the quality of education experienced by our children throughout Cumbria. As a parent of three children at primary school, seeing the impact that Cumbria's teaching assistants have in supporting them in their development and learning is overwhelming. It is appalling that they are under such a threat.

The issue arises as a result of a botched rebanding under the single status process. It was not even intended as a cost-saving exercise by the county council, which makes it all the more ludicrous. It is a huge error. It is important to say that we do not necessarily object to single status as a process. We understand that there are job evaluation processes to go through, but the process was utterly flawed, and the outcome is therefore flawed.

Rory Stewart: Is not the answer, then, to define a single status which gives the right salary, the right respect and the right position to teaching assistants, rather than grading them below where they should be?

Tim Farron: My hon. Friend makes a good point. Someone without much human resources experience could see at first glance that the county council had botched the exercise by putting teaching assistants alongside talented, able, hard-working people who do a completely different job. It stands to reason that at the very least a different family needs to be created for teaching assistants to belong to. It is wrong to equate people who do teaching assistant jobs to a position that is on fixed hours.

Teaching assistants at the school my children go to in Milnthorpe are there helping with preparation at least half an hour before their working day begins. They are there afterwards if a child is in need or upset. They help with extracurricular work and child development. Crucially, from the point of view of the child, who will not differentiate, a teaching assistant is part of their teaching team. They should absolutely have a band of their own.

I want to quote a teaching assistant from Kendal in my constituency to point out the very different and intensive nature of the role that puts it beyond that of a regular fixed hourly job:

> "I have been working with a child with severe autism. I support him every second of the day. He cannot be left unattended. I prepare all his activities and research different strategies to implement with him on a daily basis, often working late into the night. I have always felt valued by my school, but not now by my employer, Cumbria county council."

That sums up the situation for many people in Cumbria.

The hon. Member for Workington rightly pointed out the issue of appeals. The county council, which is overwhelmed with appeals, says that it will look at only some of them. I am sorry, but it should either deal with them all, as a matter of justice, or get the message from the fact there are hundreds of appeals that they have got the banding badly wrong.

I understand that the Minister will probably say that that is a local government matter, but the issue is clearly about the impact on the quality of education in Cumbria due to a demoralised work force who are being deprofessionalised by a county council that has simply got this wrong. It is not too late to put this right. The lot of us here would like the Government to press the county council to think again.

8.56 pm

Mr Jamie Reed (Copeland) (Lab): It is a pleasure to follow the hon. Member for Westmorland and Lonsdale (Tim Farron), who spoke convincingly about what I hope and think is a shared aim among all Cumbrian Members who want to resolve this issue. I will be brief. In February alone I was lobbied by almost 100 people in the town of Millom. I had been asked to attend a brief drop-in session at a local school, only to find myself in front of 100 people faced with life-changing alteration to their remuneration as a result of the single status process that Cumbria county council is engaged in.

I was asked to attend a similar meeting at my children's school in Whitehaven. There were more than 200 people there, with standing room only in the school hall. Some

of those people could lose around £9,000 a year, a life-changing amount of money. For some of them, who were visibly upset, that means that they will be unable to pay their mortgages. For those who are married to other teaching assistants or other people affected by the single status process, it really is a calamitous event. I hope that the Minister and the Government will take that into account.

I make no apologies for relating the issue to my constituency rather than to Cumbria as a whole, because my constituency is the single most heavily reliant upon public spending in the country, with more than 50% of all jobs, according to independent tables, relying on public spending. It goes without saying that unprecedented and arbitrary reductions in the salaries of so many of my constituents will have a significant socio-economic effect outside those immediately affected by the move.

Pay equality is something that we all wish to see. I understand that the county council is having to cut its cloth because of the cuts it has to deal with, but the winners of the process that is under way in Cumbria—even those who are seeing slight improvements in their terms and conditions—do not like what is happening to their colleagues. They do not think that it is right to rob Peter to pay Paul.

Finally, I am clearly not a spokesman for any trade union or any of those involved in the single status process, and nor am I an advocate for industrial action, particularly indiscriminate industrial action. No one ever wants to see industrial action, which is the very last resort for any professional, but I completely understand why someone facing a life-changing reduction in salary who does not have their appeal heard would feel moved towards withdrawing their labour. That is a natural human impulse. Without continuing negotiation and a fair resolution of the situation, I struggle to see what options, apart from threatening industrial action, remain open to those who are being subjected to such swingeing changes to their standards of living. As my hon. Friend the Member for Workington (Tony Cunningham) said, none of us in this House would put up with it, and we should not expect our constituents to put up with it, either.

9 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): I add my thanks to my hon. Friend the Member for Workington (Tony Cunningham) for securing this debate, and for his generosity with his time. I will be brief, because I want the Minister to have a proper chance to respond.

I, too, attended a standing-room-only meeting of teaching assistants, at Ormsgill primary school on Friday, and the people there were absolutely united not only by the deep sense of commitment that they retain towards the children whom they care for and help teach day by day, but by the anger at the way they feel the cards have been dealt. There was such a strong feeling in that room, and it is felt unanimously by teaching assistants throughout Barrow and Furness and throughout the county.

We need to recognise that teaching assistants have brought enormous value to schools throughout the county and throughout the country over the past decade—value that is probably beyond their remuneration. The Government, pupils, parents and schools have had a brilliant deal out of teaching assistants, and that is why they find it so hard to take the fact that they face such an enormous cut, rather than a pat on the back for their work over the past decade. We all understand that the single status process is difficult, and we all understand that is probably necessary, but we all want the council to recognise that it has just got it wrong in this instance.

I shall finish with the words of a teaching assistant whose door I knocked on by chance while canvassing on Saturday, as I do every Saturday. During our conversation, she broke down in tears and said to me, "I just don't understand how I'm going to be able to make ends meet and pay my mortgage, and I don't understand why the work that I do every day is simply not being recognised." I ask the Minister to reflect on what he can do to give guidance to the council, and to reflect the value that he knows teaching assistants bring throughout the country. We all urge the council to make the appeals process meaningful, not partial, and to look again properly at the whole issue, which in this instance it has just clearly got wrong.

9.2 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): May I congratulate the hon. Member for Workington (Tony Cunningham) on securing this debate and thank him and the other Members who have spoken for the way in which they raised an issue about which people in their part of the country clearly feel very strongly. I understand that. It is classically and appropriately one of the functions of an Adjournment debate in the House to raise issues that involve strong local feeling.

As I will explain, and as the hon. Gentleman and other Members will know, the Government's role in decisions on pay and conditions and on work force issues is limited, but I will set it out. This debate has, none the less, given them an opportunity to vent the views of their constituents, and, as someone who has served as a member of a local authority and as a school governor, including at a special school, where particular demands were placed on the staff, I recognise and completely understand the issues to which they referred.

These decisions are essentially for the county council, as they are for any other local education authority, so it is probably appropriate that I set out factually the legal position that gives rise to the situation in relation to equal pay and single status on the one hand, and to the terms and conditions of the employment of teaching assistants on the other, because obviously in the case before us the two are interlinked.

Historically, the terms and conditions on which teaching assistants and many other local government staff are employed are decided not by central Government but by local authorities. In principle, that is right and proper, because they are generally best placed to do so. As hon. Members will know, there is a well-established mechanism in place with the National Joint Council for Local Government Services and other negotiating bodies of employers, trade unions, and other work force representatives that historically deal with these matters.

It is worth putting the single status agreement, which gives rise to this, into that context. The single status agreement is a national agreement between the trade unions and local government employers. The Government

[Robert Neill]

welcome the greater transparency that the agreement provides. Its principle is a good one, in line with the fact that we remain committed to promoting equal pay and ending discrimination in the workplace. I do not think that the underlying principles, or the agreement itself, are an issue between any of us. The signatories, including any local authority and the relevant trade unions, commit themselves to placing the majority of their work force into a single pay and grading structure, which is generally referred to as the green book structure. That provides the harmonisation that we all want and increases transparency.

Things such as spine points, which are familiar to all those of us who have been in local government, are set by the national joint council. However, the decision on where employees are placed on the pay spine is a matter for the local authority. Although virtually all local authorities remain within the scheme, it is not compulsory; Government cannot compel authorities to be a member. Some authorities—I think only three, in fairness—have opted out in relation to areas such as school support staff. Broadly speaking, however, the scheme works satisfactorily and efficiently.

The fact that there is that need to place employees on a single scale means that local authorities need to go through a process of ensuring that equally valued work is paid an equal amount, so that they can then assess whether they are meeting their obligations under the Equality Act 2010. The implementation of the single status agreement, following several court judgments that have been pretty well publicised, has revealed some historical inequalities in pay. For that reason, authorities such as Cumbria, and many others, have carried out job evaluation exercises. Of course, the outcomes and decisions taken are individual matters for each authority, but many have gone through the process.

Tony Cunningham: Does the Minister accept, though, that if the process itself is flawed, we end up with a very different result than we would if it were a proper process?

Robert Neill: Any local authority must act properly in carrying out a process. As we have heard, an appeals process is in place. I am told—in a sense, I am relaying factual information held by my Department—that because, as has rightly been observed, there is a very high number of appeals, schools have been invited to nominate a representative for each post being appealed to attend a hearing on behalf of their colleagues. It is a little bit like a class action in the courts. That is not a decision that Government take or can impose; that is the view that has been taken.

Tim Farron: Will the Under-Secretary take the view that it is wrong, given the volume of appeals, to decide that the majority will simply not be heard? Is not that an obvious signal that the county council has botched this grade?

Robert Neill: It is dangerous and not helpful if I make a judgment on something to which the Department and I are not party, because I am not seized of all the evidence. However, I observe as a matter of common sense and of law that any employer who goes through a process has to meet their obligations under employment law more generally. It is probably best that Ministers do not try to advise either party about employment law, but it is a factor that everybody has to bear in mind in ensuring that any process is appropriate.

Mr Reed: The Under-Secretary is being generous with his time and I genuinely appreciate the constructive way in which he is trying to engage with the issues. I also feel for him because he has to answer the debate. Does he agree that it might be a more elegant and effective fit if he went back to his colleagues in government, particularly the Secretary of State for Education, and asked him to reinstate the School Support Staff Negotiating Body? That abolition, which the Secretary of State for Education announced last October, has landed the process in the single status framework, where it should not be.

Robert Neill: Of course all Ministers always take back to their colleagues matters that overlap, and that is on the record in *Hansard* for all to see. Let me deal with the specific point about the School Support Staff Negotiating Body. The previous Government set it up, and the hon. Gentleman is right to say that that my right hon. Friend the Secretary of State for Education decided to bring those arrangements to an end. However, it is worth noting that that body had not reached agreement about any of the issues with which it was tasked. Its existence or non-existence therefore had no influence on the particular circumstances that were determined in Cumbria. We could have a separate debate about whether that was desirable, but the decision to discontinue the body had no impact on the pay and negotiations of the school support staff with whom we are concerned today. It is important to state that. However, the hon. Gentleman has raised the matter, and it is now on the public record.

Mr Reed: The Under-Secretary has been exceptionally gallant.

Robert Neill: I hope that I have been exceptionally factual. It is my duty to the House. Against that background, I hope that hon. Members will understand—

9.12 pm

House adjourned without Question put (Standing Order No. 9(7)).

Deferred Division

ENVIRONMENTAL PROTECTION

That the draft Waste (England and Wales) Regulations 2011, which were laid before this House on 8 February, be approved.

The House divided: Ayes 282, Noes 20.

Division No. 230]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Arbuthnot, rh Mr James
Bagshawe, Ms Louise
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cameron, rh Mr David
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, Neil
Cash, Mr William
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Djanogly, Mr Jonathan
Doyle-Price, Jackie
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Field, Mr Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lopresti, Jack
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh

Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wilson, Sammy
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

NOES

Brown, rh Mr Nicholas
Bryant, Chris
Corbyn, Jeremy
Donaldson, rh Mr Jeffrey M.
Durkan, Mark
Edwards, Jonathan
Field, rh Mr Frank
Flynn, Paul
Hamilton, Fabian
Havard, Mr Dai
Hollobone, Mr Philip
Hopkins, Kelvin
Llwyd, rh Mr Elfyn
Lucas, Caroline
Mann, John
McDonnell, Dr Alasdair
McDonnell, John
Skinner, Mr Dennis
Trickett, Jon
Williams, Hywel

Question accordingly agreed to.

House of Commons

Thursday 17 March 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Uplands Policy Review

1. **Miss Anne McIntosh** (Thirsk and Malton) (Con): What representations she has received on the report of the uplands policy review. [47193]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I begin by informing the House that I have written to the Japanese Environment Minister, Mr Matsumoto, with whom I spent a great deal of time negotiating in Nagoya, to express our sincerest condolences. As the House would expect, I have also offered the services of my Department in respect of technical expertise on flood recovery, air and water quality and radiological decontamination.

I thank my hon. Friend and the Select Committee on Environment, Food and Rural Affairs, which she chairs, for highlighting the importance of the uplands. I have received numerous positive reactions from a wide range of stakeholders to the conclusions of the uplands policy review, which I announced last week.

Miss McIntosh: May I share in the Secretary of State's expression of condolences and thank her for writing to offer the services of her Department? I also thank her for her answer.

The uplands are the jewel in our farming crown, but the continuation of active farming needs to be encouraged, particularly the keeping of livestock. My right hon. Friend will be aware of the difficulties that tenant farmers are currently suffering. Will she come up with some positive measures in the policy review to encourage them to maintain livestock in the uplands?

Mrs Spelman: We feel very strongly about the value and potential of our uplands, which have been overlooked for too long. That is why, as a new Government, we have prioritised our review of uplands policy. Our intention is to support and encourage all hill farmers to become more competitive, and we have made available up to £6 million a year more for environmental stewardship schemes. When I launched the review, I impressed on landowners that they should be constructive when they receive requests from tenants to participate in such schemes.

Helen Goodman (Bishop Auckland) (Lab): The uplands review obviously came out of the excellent report produced by the Commission for Rural Communities last summer. Will the Secretary of State explain why she has attempted to frustrate the clearly expressed will of the other place by cutting the CRC's budget by some 90%?

Mrs Spelman: It is not a question of frustrating the will of the other place. There has been a change of Government, and the two parties that together form the Government have Members of Parliament who mostly have rural constituencies. It is thus easier for us to champion rural causes, as in our uplands policy review. The hon. Lady's Government had 13 years in which to do something about the uplands, but it has taken a change of Government to achieve that.

Pig Farming

2. **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): What recent representations she has received on the profitability of the pig farming sector. [47194]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): The Secretary of State and I discussed the difficulties faced by the pig industry with representatives of the National Pig Association and the British Pig Executive two weeks ago. I am very much aware of the high cost of feedstuffs and the problems that it is creating, causing serious losses for pig producers.

Dr Poulter: I am sure the Minister is aware that, according to the National Farmers Union, over the past three years pig producers have been losing £20 per pig, whereas at the same time retailers have still been making £100 profit per pig. May I call on him and the Department to take some action and put pressure on retailers to give our pig producers a fair price for their pigs?

Mr Paice: I understand my hon. Friend's point entirely. It is incumbent on any retailer that is concerned about ensuring that it can supply British pigmeat not just this year but in years to come to do what it can to ensure that our industry can continue through this difficult period. I am sure that prices will recover at some stage, but it is down to the retailers to ensure that their long-term supply chain interests come through into the practices they follow today.

Natascha Engel (North East Derbyshire) (Lab): Will the right hon. Gentleman outline what particular help he is giving pig farmers at a time when not only are feed prices very high but oil costs are rising? That is increasing the price of pig farming to breaking point.

Mr Paice: As I am sure the hon. Lady is aware, pig farming has largely been outside any Government involvement for many years now. Pig farmers have not received any form of payment or subsidy for many decades, and that is the right way to go. I trust that she is not suggesting that we reverse that approach. She is quite right that energy prices are a major problem across all of agriculture. All that I can offer is the rural development programme, through which we can provide assistance for businesses that wish to invest.

Mr Richard Bacon (South Norfolk) (Con): Does my right hon. Friend think that customers of Tesco and other supermarkets would be surprised if they understood the disgusting animal welfare practices that those supermarkets support by importing meat produced under such poor animal welfare conditions? Is not the answer for British consumers to go to supermarkets such as Morrisons, which has a 100% British meat policy?

Mr Paice: I am sure that consumers have heard what my hon. Friend says without me getting into an internecine war between retailers. What really matters is that the consumer is properly informed of the benefits of buying British pigmeat. That is why the Government are keen, as he is, on country of origin labelling.

Sky Lanterns

3. **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): What representations she has received on the effects of the use of sky lanterns on livestock and livestock feed. [47195]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I have received a number of representations regarding the risks to livestock from releasing sky lanterns. I share those concerns and urge consumers to think twice before releasing lanterns. DEFRA officials are working with other Departments and the farming unions to see what action can be taken to reduce risks. The Department for Business, Innovation and Skills has written to local authority trading standards officials to encourage them to work with importers and manufacturers, and we are taking other actions.

Simon Hart: The Minister will be aware of that other great hazard facing farmers and livestock—namely fly-tipping, which currently costs taxpayers something like £1 million per week. Will he assure us that that will be addressed in the Government's waste strategy, and to coin a phrase, will he be tough on grime, and tough on the causes of grime?

Mr Paice: I do not wish to open that can of worms, but I can assure my hon. Friend that we very much recognise the problem of fly-tipping and that it will be addressed in the waste review.

Mackerel Quotas

4. **Dr Eilidh Whiteford** (Banff and Buchan) (SNP): What assessment she has made of the outcome of the recent coastal states discussions in Oslo on mackerel fishing quota; and if she will make a statement. [47196]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): The meeting of coastal states in Oslo from 9 to 11 March ended without agreement on the management of the north Atlantic mackerel stock for 2011. This is very disappointing as it puts the future sustainability of this extremely important stock at risk. The positions of the parties involved remain wide apart but we will continue to work with industry, other EU member states and the Commission to find the best possible outcome to this difficult situation.

Dr Whiteford: I hope the Minister shares my outrage at the 150,000 tonnes of mackerel that the Faroese have subsequently unilaterally awarded themselves as a quota for mackerel for next year, and I know he shares my concerns about the jobs that will be affected by that, both in my constituency and in other pelagic areas. As a matter of urgency, will he meet the Scottish Pelagic Fishermen's Association and other key UK stakeholders to discuss this matter further?

Richard Benyon: I recently met stakeholders and raised the matter this week—yesterday, in fact—with Commissioner Damanaki, when I gave support to her strong call for measures to be taken against the Faroese and neighbouring states that cause so much damage to a sustainable stock. The problems that the hon. Lady's constituents and others around our coast face are very much our priorities, and we will continue to support strong measures to deal with them.

Fish Discards

5. **Neil Parish** (Tiverton and Honiton) (Con): What recent discussions she has had on reductions in fishing discards; and if she will make a statement. [47197]

13. **Sarah Newton** (Truro and Falmouth) (Con): What recent discussions she has had on reductions in fishing discards; and if she will make a statement. [47208]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I was delighted to participate in a recent high-level meeting on discards with the EU Commission and other members states, which agreed with the UK that tackling discards must be a priority for common fisheries policy reform and that action must be taken now. There was a constructive and positive debate about measures needed as part of that reform. The UK is clear that these must be practical, effective and developed in co-operation with industry.

Neil Parish: I know that the Minister, like me, welcomes the fact that Devon fishermen have cut their discards by 50%. Can he work on the total eradication of discards by promoting the greater use of other types of fish? Fish that do not meet human consumption standards could be ground down for use as fishmeal for fish farming, because we must keep that resource.

Richard Benyon: I understand my hon. Friend's point—he eloquently made it yesterday at the Select Committee on Environment, Food and Rural Affairs. DEFRA's "Fishing for the Market" project looks at the fact that more than 50% of discards are created because there is no market for those fish. By taking up my hon. Friend's suggestions and by working with fishermen to support the industry to find better markets for such fish, we will further reduce discards.

Sarah Newton: Does my hon. Friend agree that in this important quest to find new markets for what were formerly discarded fish we should work alongside organisations such as my local fish and chip shop in Penryn, the Mariners, which offers people delicious, locally caught and unusual choices, but not cod and haddock?

Richard Benyon: I applaud my hon. Friend for bigging up her local fish and chip shop. I also applaud the Fish Fight campaign, one benefit of which is that thousands of people have been going to their fishmongers and supermarkets and asking for precisely the species that we have been discarding on a large scale, such as dab and pouting, which are perfectly delicious, and which we should be using more of, because they can be fished sustainably.

Barry Gardiner (Brent North) (Lab): Will the Minister commission research into the scientific levels of non-quota stock, and will he consider making it mandatory for scientists to go onboard vessels or at least to ensure that discards are quantified, so that scientists can have that information?

Richard Benyon: The hon. Gentleman makes a very good point. The fisheries science partnerships have been doing precisely that, and have been doing good work. In prioritising this matter we are going with the grain of public opinion and the opinion of fishermen, who want to see an end to this practice, and yes, we have to do it on the basis of sound evidence. There is good practice going on, with scientists going onboard fishing boats for a variety of reasons, including to get a better understanding of what discards are and how we can tackle them. That work is highly valued.

Mr William Bain (Glasgow North East) (Lab): As well as an end to discards, we need firm action on by-catch. Does the Minister welcome the announcement by Princes and Asda to follow other major retailers in ceasing to sell tuna caught using fishing practices that Greenpeace estimated in 2007 resulted in levels of by-catch of 182,000 tonnes per year? Will he also give a guarantee to persuade the remaining retailers selling unsustainably fished tuna to reflect the views of the 661,000 people who signed the Fish Fight petition and end fishing practices that damage the biodiversity of our oceans?

Richard Benyon: Yes to all that. I can assure the hon. Gentleman that the Government are at the forefront of measures to protect blue fin tuna. I thoroughly welcome the move by Princes and other processors to ensure that they use tuna from sustainable stocks, and we will continue to work with Members on both sides of the House to ensure that this continues.

Andrew George (St Ives) (LD): I am pleased with what I hope is significant progress in this policy area after many years of campaigning, but how can fish stocks be protected effectively if discards are taken into account, and how can we distinguish between intended and unintended by-catch in the management of stocks?

Richard Benyon: No doubt when a lot of those who signed the Fish Fight petition see the words "Discard ban imposed", they will think, "Job done", but unfortunately, as the hon. Gentleman and his fishermen know, life is not that simple. Working with the fishing industry is the way to find solutions. For too long there has been too much stick and not enough carrot. We are proposing—we have benefited from this through policies such as the 50% project and catch quotas—that when we work with the industry we get much better results.

Battery Cages

6. **Henry Smith** (Crawley) (Con): What recent discussions she has had on the introduction of a prohibition on battery cages for laying hens. [47199]

7. **David T. C. Davies** (Monmouth) (Con): What recent discussions she has had on the introduction of a prohibition on battery cages for laying hens. [47200]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): At the Agriculture and Fisheries Council on 21 February, some member states sought more time to implement the ban on conventional cages, which is coming into force on 1 January 2012. I was the first Minister to emphasise that any delay would be grossly unfair to egg producers in the UK and other member states that have made significant investments to adapt and enrich cages. The Government will continue to play a full part in EU discussions to find a practical solution.

Henry Smith: I am grateful to my hon. Friend for that answer and for her excellent efforts. Did those discussions also include the importation of derived products into this country?

Mrs Spelman: Yes, I can give my hon. Friend that assurance. It is important that we are clear about the provenance of liquid-egg and dried-egg products. Many farmers in the European Union have made the investment to improve the welfare of laying hens, and therefore the deadline has to be respected.

David T. C. Davies: The Minister will be aware that many farmers in my constituency of Monmouth have worked extremely hard to comply with that legislation. I am grateful to her for saying that it would be unfair if other EU countries do not, but can she say what would happen if other countries, including new entrants, were exempt from that legislation?

Mrs Spelman: I am not talking about exemption. Obviously the Commission can threaten infraction proceedings against member states whose egg producers are non-compliant, but in my view that will not be enough. One of the options that we have suggested to the Commission is an intra-Community trade ban, which would restrict the sale of eggs that continued to be produced from conventional cages after the deadline had expired.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the right hon. Lady show some caution on this? Those of us who are passionate about animal welfare remember when this country moved ahead on protecting young calves reared for veal from disgraceful conditions. Veal in this country is now well produced. The young animals have a decent life, but most of them are killed at birth, which means that we import badly produced veal from France.

Mrs Spelman: Veal is not the same thing as eggs. None the less, the sentiment expressed in the hon. Gentleman's question is important. The point is that member states and producers have known for 10 years that the change would come, and the accession countries seeking to join the Union knew full well before they entered that those were the welfare standards that would apply.

Thomas Docherty (Dunfermline and West Fife) (Lab): Given the Secretary of State's remarks, can she clarify whether she will be proposing a ban on shell, liquid and powdered egg from countries such as Poland that will not meet the deadline, and if so, will she also be banning products such as quiche and cakes from those countries?

Mrs Spelman: I can give the hon. Gentleman an assurance that the Commission is looking at this. He might be interested to know that the Minister of State and the Commission will both appear before the Select Committee on Environment, Food and Rural Affairs on 22 March, when there will be ample opportunity to debate in detail the application of measures to ensure that the deadline is respected.

Rehman Chishti (Gillingham and Rainham) (Con): According to the European Commission's social and economic report, a free-range egg costs just 2p more to produce than a battery egg. Does the Minister agree that this is a price worth paying for animal welfare?

Mrs Spelman: It is absolutely clear that the welfare of laying hens is improved by investment in enriched cages. However, it is also true that many consumers enjoy the choice of free-range eggs, and those choices should continue to exist.

Flooding

8. **Laura Sandys** (South Thanet) (Con): What measures her Department is taking to ensure its preparedness to respond to major flooding incidents. [47201]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): Last week, Exercise Watermark took place, which was the largest civil emergency exercise ever held in the United Kingdom. It successfully demonstrated the ability of Departments, emergency services, local authorities, communities and voluntary organisations to work together to deal with a range of devastating flooding scenarios. We will learn lessons from the exercise and publicise them to the House.

Laura Sandys: I welcome the Minister's exercise in flood prevention and working through all the different systems. However, in my constituency, Sandwich—one of the most beautiful medieval towns in the country—faces huge flood problems. Will the Minister update us on what the defence scheme is and when it might be implemented?

Richard Benyon: Sandwich was included in the original draft list of schemes going ahead next year, so I specifically asked why it was not in the programme. I understand that the reason was that we could not guarantee that the scheme would start in the coming financial year. However, I am happy to meet my hon. Friend—and perhaps also Paul Carter, the leader of the taskforce looking at regeneration in her constituency—to discuss how hopeful we can be about the scheme progressing in the very near future.

Angela Smith (Penistone and Stocksbridge) (Lab): This is a key issue in my constituency, which was badly flooded in 2007. Why have the Government decided to ignore the Pitt recommendation that flood investment should enjoy an above-inflation settlement each year?

Richard Benyon: We are taking forward all 92 of the Pitt recommendations—well, certainly 91 of them. The question of flood funding has been raised frequently in the House. We have protected capital funding works over and above all other areas of activity because we recognise that that is an absolute priority for the future.

Mr Jamie Reed (Copeland) (Lab): This Department has taken the biggest hit across government, and flood defence spending has been cut by 27%. The Pitt review did indeed recommend Exercise Watermark. It also recommended that flood defence spending should be increased above inflation year on year, as my hon. Friend the Member for Penistone and Stocksbridge (Angela Smith) said. Will the Minister tell us what lessons have been learned from Exercise Watermark? What does he say to those communities who thought that their flood defences were going ahead but now find that they are not? Can he guarantee that they will be able to access universal flood insurance after the statement of principle ends soon?

Richard Benyon: We have had many discussions on this matter. The 8% difference between the last four years' spending on capital and the next four years' spending shows that this is a massive priority—*[Interruption.]* The hon. Member for Copeland (Mr Reed) knows that continuing with this tired old riff is 180° away from the facts. We are working closely with the insurance industry to ensure that we can move beyond the statement of principles after 2013. The lessons from Exercise Watermark are being learned and will be learned in the future.

Urban Foxes

9. **Greg Hands** (Chelsea and Fulham) (Con): If she will discuss with ministerial colleagues measures to exterminate urban foxes. [47202]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): While the extermination of urban foxes, or indeed rural ones, is neither desirable nor possible, problem foxes do need to be controlled. In urban areas, that is the responsibility of the owner or occupier of the property, who can use legal methods to cull or remove foxes.

Greg Hands: Last summer, a number of my constituents were attacked in their own homes by urban foxes, including Annie Bradwell, who lost part of her ear, and Natasha David, who was bitten twice as she slept in her bed. Will the Minister liaise with the Secretary of State for Communities and Local Government to see whether we can change the law so that urban foxes can be treated as vermin in the same way that rats and mice are?

Mr Paice: I am very happy to talk to the Communities Secretary about that, but I do not think that a change in the law is necessary to enable local authorities to take action. They are not required to do so, but it is perfectly

within their remit to take action if they have the kind of problem with the fox population to which my hon. Friend refers.

Paul Flynn (Newport West) (Lab): The Minister will be aware that it would be an error to make laws on the basis of isolated and rare cases. Having some wildlife in urban areas gives great delight to many people, and foxes can make a contribution to urban life by scavenging for waste food. We certainly do not need the usual Tory solution to such problems, which is to kill wild animals.

Mr Paice: I made it clear that we do not think that foxes should be exterminated in any part of the country. However, to pretend that they do not cause problems in some areas would be blinkered thinking. The fact is that, as my hon. Friend the Member for Chelsea and Fulham (Greg Hands) said, foxes can be a serious pest in urban areas and elsewhere. Also, the scavenging that the hon. Member for Newport West (Paul Flynn) describes can cause serious problems with refuse and waste left out overnight. But, yes, foxes have a role to play in our urban areas.

Roger Williams (Brecon and Radnorshire) (LD): The Minister might be aware that there is a belief in the countryside that urban foxes are trapped alive, put in lorries, taken out into the countryside and released, at great detriment to their welfare and great inconvenience to their country cousins. Will the Minister deprecate that activity and make every effort to resist it?

Mr Paice: My hon. Friend makes a relevant point. There is a lot of evidence—albeit anecdotal evidence—that people trap urban foxes and release them in the countryside. I suggest that that is very cruel, because those foxes are not accustomed to living on their own or to hunting for their prey, because it is all there for them in the refuse bags in urban areas. Farmers and others will bear witness to the fact that many of them wander round the countryside in a somewhat dazed state.

Fish Discards

10. **Karl Turner** (Kingston upon Hull East) (Lab): What proposals she has to reduce the incidence of fish discards. [47204]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I refer the hon. Gentleman to the answer that I gave some moments ago.

Karl Turner: Will the Minister outline exactly what he is doing to give incentives to the UK fishing industry to reduce discards?

Richard Benyon: We have promoted the catch quota scheme, and this year we will see no discards in the North sea from the boats in that scheme. We are extending the scheme to the south-west and I am delighted to announce that four vessels from that region are entering the scheme for the channel sole stock. We are also promoting the "Fishing for the Market" scheme, which I mentioned earlier. Of course, there is the success—applauded abroad and by the Commission—of the 50% project in the south-west. All those examples show how if we work with the fishing industry, we can have a serious impact on the scourge of discards.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): Does my hon. Friend agree not only that it is wrong to throw dead fish back into sea, because it damages the viability of our fishermen, but that there is an environmental and marine eco-system effect of which we must also be aware?

Richard Benyon: My hon. Friend is absolutely right. I have heard evidence of crab potters, for example, saying that the problem is affecting the bait they put in their pots in certain areas. The real point, however, is that in a hungry world, throwing away perfectly edible fish is an affront to the vast majority of the British public, as well as to the fishermen who have to carry it out.

Wild Animals (Circuses)

11. **Jim Fitzpatrick** (Poplar and Limehouse) (Lab): When she plans to announce her policy on wild animals in circuses. [47206]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): Following further discussions with welfare groups, the circus industry and other parties involved with performing animals, I am pleased to tell the hon. Gentleman that the Government's policy is now close to completion.

Jim Fitzpatrick: I am pleased to hear that the policy is close to completion, but I am sure that the Minister will realise that his answer is somewhat disappointing—not just to me, but to Members of all parties, to organisations such as the Born Free Foundation, Animal Defenders and the Royal Society for the Prevention of Cruelty to Animals and, not least, to the 94.5% of the 13,000 respondents who said last March that they wanted this practice stopped. We have now reached the anniversary, so how much longer is it going to take?

Mr Paice: No one will be more pleased than I will be when the issue is closed and the hon. Gentleman stops asking me the question. I can assure him that, although I cannot give a precise time, the policy is very close to completion. However, as he knows, because he used to be the responsible Minister, other issues are relevant, such as the impact on the film and theatre industry and other areas where animals are involved in performances, and we have to clarify them and get them right before we announce anything.

Labelling (Meat Products)

12. **Angie Bray** (Ealing Central and Acton) (Con): What recent progress her Department has made on labelling meat products by method of slaughter; and if she will make a statement. [47207]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): As part of our implementation of the new welfare at slaughter regulations, which will come into force in January 2013, I shall be meeting all interested parties during the course of this year, and this will of course include discussion of possible labelling aspects of the issue.

Angie Bray: Many of my constituents who are concerned about animal welfare are worried that they are unknowingly eating meat from animals that might not have been pre-stunned during slaughter, and supermarkets simply will not provide the information. Does the Minister agree that labelling is the simplest solution to the problem? Will he reassure my constituents that he will push for implementation as soon as possible?

Mr Paice: The Government strongly believe that consumers should be properly informed about what they are buying. It is also true that the Government believe, overall, that animals should be stunned before slaughter, but we recognise that the Jewish and Muslim communities like some of their meat to be produced differently. The challenge for labelling is traceability. As my hon. Friend is probably aware, the vast majority of meat slaughtered under halal conditions is pre-stunned, so the issue is not quite as straightforward as some people believe.

Climate Change

14. **Mr Peter Bone** (Wellingborough) (Con): What responsibilities she has for the Government's policies on climate change. [47209]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): DEFRA leads on climate change adaptation in England and on engagement with the EU on adaptation. DEFRA works to reduce emissions domestically in the areas for which we have responsibility and also works across Whitehall to ensure that progress on mitigation is achieved in a sustainable way.

Mr Bone: The Prime Minister is keen on smaller and more efficient government. If the Department for Business, Innovation and Skills were to take back responsibility for energy, would the Secretary of State think it appropriate for her Department to take back the rest of the climate change responsibilities, because then we could get rid of a whole Department?

Mrs Spelman: If we are talking about efficiency, I can tell my hon. Friend that in my experience, reorganisation—including the attempted reorganisation of local government by the last Administration—is not always the most efficient thing to do.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): The Secretary of State will know of the growing fear that, in the European Union and elsewhere, the understandable increasing use of biofuels is having a distorting effect on the food market, and particularly on food prices for some of the world's poor. I do not want to make any assumptions about the implications of the tragic events in Japan, but it is clear that they might have implications for the energy market and biofuel prices. What is the Government's current policy on biofuels at European level?

Mrs Spelman: If we are to increase the amount of renewable energy that we secure and reduce our dependence on fossil fuels, it is important for renewable energy from biomass to be in the mix. However, I agree with the hon. Gentleman that, faced with the challenge of food security, we must be careful to ensure that prime, productive agricultural land is there to provide the food that we are so obviously going to need.

Gavin Shuker (Luton South) (Lab/Co-op): DEFRA has said that it is tackling climate change through its new strategy, contained in the document "Mainstreaming sustainable development". The seven-page document, which was snuck out the night before the Government abolished the Sustainable Development Commission, has been attacked by the president of the National Farmers Union and slated by Jonathon Porritt, who said that it was

"without a doubt the most disgraceful government document relating to Sustainable Development"

that he had ever seen. How is the mainstreaming going?

Mrs Spelman: First, let me welcome the hon. Gentleman to his new position. I hope that he will convey our thanks to his predecessor for the role that he played.

Perhaps we could start off on a slightly better footing. We made a decision, as a Government, to mainstream sustainable development, and there is clear evidence from the business plans of the Government Departments that it has been mainstreamed. In addition, I have asked the hon. Gentleman's colleague the Chairman of the Environmental Audit Committee, the hon. Member for Stoke-on-Trent North (Joan Walley), to hold Departments to account for the sustainable development that is mainstreamed into their business plans. DEFRA will continue to perform its role of scrutinising new policy on sustainable development. However, mainstreaming is an obvious step forward from the position when the hon. Gentleman's party was in power, when sustainable development was outside the remit of Government and in the hands of an arm's length body.

Common Agricultural Policy

15. **Julian Sturdy** (York Outer) (Con): What recent discussions she has had on reform of the common agricultural policy; and if she will make a statement. [47210]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): At this precise moment Lord Henley is attending the Agriculture Council, representing the United Kingdom. I hope Members will appreciate the presence of a full team of House of Commons Ministers here to answer oral questions. However, I have spent two full days this week in Brussels, where the Environment Council discussed CAP reform. I met Members of the European Parliament—including the officers and rapporteur of the Agriculture Committee—to discuss CAP reform, as the European Parliament has the power of co-decision.

Julian Sturdy: Let me begin by drawing Members' attention to my declaration of interest.

Will the Secretary of State confirm that the negotiating position that she intends to take on CAP reform is different from that of the last Government, and that food security is at the heart of all decision-making processes?

Mrs Spelman: Yes, I can confirm a change from the traditional stance taken by the last Government. Calling for direct payments to end forthwith was unrealistic. Our farmers need those direct payments at the moment, although I can envisage a time when, given rising food prices, they may not be necessary. The new, more realistic position means that we are a player at the negotiating table, part of an important alliance of member states that want CAP reform so that we can confront the serious challenges presented by the need for food security and by climate change.

Kerry McCarthy (Bristol East) (Lab): According to farmsubsidy.org, the number of CAP millionaires rose by 20% in 2009 to 1,212, and they pocketed a total of €4.9 billion. Does the Secretary of State agree with those who say that there should be a cap—if Members will excuse the pun—on maximum payments to individual recipients, and that there should be far more transparency across Europe in relation to who is receiving such payments?

Mrs Spelman: We are calling for a substantial reduction in single farm payments, but we do not share the Commission's view that a cap should be introduced. The capping of farms whose size made them eligible would result in the fragmentation of farm structures, which would prevent agriculture from becoming more competitive and market-oriented.

Mary Creagh (Wakefield) (Lab): The CAP has two key roles: ensuring security of food supply and environmental management. On 17 December, *The Daily Telegraph* reported a secret stitch-up between the Prime Minister and President Sarkozy of France: no reform of the CAP in return for French support for the British rebate. Yet the right hon. Lady the Secretary of State told the Oxford farming conference in January:

"Now is the time to make very significant progress towards reducing our reliance on direct payments",

but her colleague the Farming Minister, the right hon. Member for South East Cambridgeshire (Mr Paice), contradicted her in the *Farmers Guardian* saying:

"Farming could not survive without direct payments...we will be suggesting a long, long transition from the current CAP system."

We know the Prime Minister has full confidence in all his Cabinet Ministers, but who is in charge of CAP negotiations?

Mrs Spelman: I think the hon. Lady should rely a little less on speculation reported in newspapers. She has been a politician for long enough to know that we should take what we read in the papers with a pinch of salt. She obviously was not listening when I very clearly set out our position. Her Government's position on the CAP over their 13-year period in office was, frankly, not credible: they suggested that direct payments should end immediately. If the hon. Lady does not know enough about farming in this country to know that farmers cannot manage at this point in time without their direct payments, she has a lot of learning to do. Our new position is much more realistic: it is to look forward to the time when subvention will not be required, while in the intervening period helping the industry to adapt so that it is more competitive and market-oriented.

Mary Creagh: OECD reports show that UK food prices have risen by more than 6% in the last year, and families across the country are feeling the pain. The Foresight report says we need to increase production not just to feed the UK, but to meet growing demand for food across the world. The Environment Secretary told her officials she wanted to be briefed on the price of a loaf of bread. Can she tell the House by how much the price of a loaf has gone up in the last six months, and why does her newly published sustainable development strategy make no mention at all of the CAP, food or farming?

Mrs Spelman: I am sure the hon. Lady does the household shopping in the same way that I do, and it is interesting that the hike in world food prices has not yet fully translated through into the cost of the grocery bill. This issue is a concern not only in the UK, but in other countries. It was also a concern to her Government during the last price hike in 2008. She should also be concerned about the farm-gate price of food: farming input costs are rising, making it extremely difficult for farmers to provide us with food at a reasonable price. That is one of the reasons why we made it a priority in our business plan to support British food and farming in a way that her Government did not.

Mr Speaker: I am grateful to the Secretary of State for that answer. I call Simon Kirby. He is not here. I therefore call Yvonne Fovargue.

Animals (Illegal Trade)

19. **Yvonne Fovargue** (Makerfield) (Lab): What funding she has allocated over the period of the comprehensive spending review to reduce the level of illegal trade in animals and animal products. [47215]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): DEFRA provides funding for the convention on international trade in endangered species. Total funding levels for the next four years have yet to be agreed. The National Wildlife Crime Unit will be funded for the next two years. DEFRA provides no funding to delivery agents, but continues to provide policy and risk advice to the UK Border Agency, which has enforcement responsibility for illegal imports of animal products.

Yvonne Fovargue: What discussions has the Minister had with the Home Department about the impact of UK Border Agency cuts on intercepting products of animal origin at UK airports?

Richard Benyon: I met a representative of the UK Border Agency this week to discuss these matters. I also attended a meeting of the Partnership for Action against Wildlife Crime, which has built up an enormous breadth of expertise. When I visited the animal reception centre at Heathrow, I understood very clearly how partnership working and working on a risk basis is effective in making sure Britain plays its part in cutting out this terrible trade.

Topical Questions

T1. [47218] **Neil Parish** (Tiverton and Honiton) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): My Department takes responsibility for safeguarding the environment, supporting farmers and strengthening the green economy. In that regard, I draw attention to the written statement I have laid today, confirming the details of the independent panel to advise on the future direction of forestry and woodland policy. The panel will be chaired by the Right Reverend James Jones, the Bishop of Liverpool, and will be made up of leading experts in the field of conservation and woodland management, along with other representatives of the broad range of issues associated with forestry in England, such as access and timber supply.

Neil Parish: I very much welcome the Secretary of State's statement on setting up this panel on forests. She talked about food prices rising, but one of the great problems is that the money is not going back to the farmers—too much is being taken out by the supermarkets and others. I know that the Business Secretary has to deliver this, but when is he going to put the grocery adjudicator in place?

Mrs Spelman: On 17 February, the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey) indicated during his Department's questions that he would publish the relevant Bill in April. Obviously, Parliament is in recess for a significant amount of that month, but the Bill will be published some time around Easter.

Mary Creagh (Wakefield) (Lab): I welcome the production of the forestry panel, but the trees are not yet out of the woods. This Sunday, thousands of people will gather in forests across the country to keep up the pressure on the Government to abandon their sale of 100,000 acres of England's forests. People will be asking me in Dalby forest why their local organisations have been excluded from this panel. What should I tell them?

Mrs Spelman: I am delighted to tell the hon. Lady that the independent panel will hold its meetings in different parts of England, as was the original intention with the consultation, to come to people who have concerns about forests. A huge number of organisations—more than 70—applied to go on the panel, which will engage them all by seeking information, views and evidence from them all so that everyone feels involved.

T2. [47219] **Claire Perry** (Devizes) (Con): May I return to the topic of the difficulties faced by pig farmers, which are particularly acute in my constituency? Is the Minister aware of the answer given by the Minister for the Armed Forces to my recent written question showing that under the previous Government less than 1% of the bacon served to our armed forces was British? Does he agree that if we are to do what we say as a Government and help British farmers, we should put our money where our mouth is and encourage the public sector to buy British?

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I entirely agree with my hon. Friend, which is why the Government will publish Government buying standards very shortly. They will require all of central Government to purchase food produced to British standards wherever that can be done without extra cost, which should not really come into it. I must tell her that we are working very hard on the specific issue of bacon and the armed forces with the British Pig Executive and the Ministry of Defence. We face some specific challenges relating not only to the specification but to the quantity that the MOD needs and that fact that everything needs to be frozen. Trials have been done using sow bacon and other things, but we are still working on the challenge.

T5. [47222] **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): According to the Commission for Rural Communities, one in 20 women in rural areas is an entrepreneur, which is a higher proportion than in cities. However, in a recent article in *The Independent*, many complained that slow broadband was slowing down their business. Labour guaranteed universal broadband by 2012. What is the Secretary of State doing about it?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I am very happy to tell the hon. Lady that our plans to roll out superfast broadband to rural communities will assist all entrepreneurs, including women, and rural areas will be able to see the benefits of superfast broadband in the creative industries and every other kind of industry. We have put £530 million over the next four years into that, so it will be happening very soon.

T3. [47220] **Miss Anne McIntosh** (Thirsk and Malton) (Con): I wish to raise the whole sorry saga of the single farm payment, as administered by the Rural Payments Agency. One farmer in my area has not received payment since 2009. I understand that the target for March will not be met, that the accuracy of the figures remains woefully short of what might be expected and that we risk incurring EU fines. Can the Minister assure the House that that will not be the case this year?

Mr Paice: As my hon. Friend said, the new Government inherited a catastrophic situation with the RPA, which had incurred for the country massive fines from the EU as a result of late payments and inaccuracies—I am determined not to repeat that. I am extremely sorry that we are not going to be able to meet the target for end of March payments, but we are determined that this year's payments should be accurate, rather than have a continuation of the problems of errors and the fines that then ensue. I am determined to get money flowing as quickly as possible to the many farmers whom I recognise need it.

T7. [47225] **Kerry McCarthy** (Bristol East) (Lab): The Government's policy on badger culling once again seems to be a complete shambles. Will the Minister confirm that they have now decided to take into account the vast majority of scientific evidence, which says that badger culling is not an adequate way to deal with bovine TB, and rule out a return to the culling that we have seen in the past?

Mr Paice: The Government consulted on our proposals in the autumn and we are still working through the consequences and results of that consultation, including all the scientific advice and practical issues that were raised. We shall make our announcements in due course. I can promise that at this stage we have made no final decisions.

T4. [47221] **David Mowat** (Warrington South) (Con): The Arpley landfill site in my constituency is in the process of applying for a multi-year extension to its licence and yet we know that best practice countries, such as Germany and Denmark, have virtually no landfill because they incinerate for power that which cannot be recycled. Can we not move faster in that direction?

Richard Benyon: We are shortly to publish our waste review, which is examining the balance and trying to move waste up the waste hierarchy. It will demonstrate this Government's serious ambition to work towards getting as close as we can to a waste-free society and to ensure that communities are protected wherever they can be.

Dr Alan Whitehead (Southampton, Test) (Lab): This morning, the Secretary of State repeated her suggestion that the Environmental Audit Committee might take over the functions of the Sustainable Development Commission, which she has abolished, as a watchdog on sustainable development. Does she recognise that that will be a complete fantasy unless resources and organisation are fundamentally addressed? What efforts has she made to get resources for the EAC so that it can perform that role?

Mrs Spelman: The hon. Gentleman might have misunderstood what I said. There is a four-pronged approach to mainstreaming sustainable development, in which the Environmental Audit Committee might, I suggested, play the role of holding Secretaries of State to account in the way that Select Committees regularly do. Although the Select Committees are bodies of Parliament rather than Government, I have written to the Chair of the Public Accounts Committee to ask whether some of the 700 auditors in the National Audit Office, which comes under her jurisdiction, might be released to help the Environmental Audit Committee in that role.

Mr Speaker: I am grateful to the Secretary of State.

T6. [47223] **David T. C. Davies** (Monmouth) (Con): Returning to my earlier question, will the Minister consider ensuring that the public sector buys only eggs that have been produced to EU standards when the new legislation banning battery cages has been implemented?

Mr Paice: Yes, I will. As I said a few moments ago, the Government will be publishing Government buying standards in the very near future and that will include a requirement to purchase only produce produced to British standards—that does not mean that it has to be British, but it has to be produced to our standards. From 1 January next year, no British eggs will be from traditional cages. They will all be from enriched or better systems.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Does the Secretary of State believe that reducing funding by nearly a third to the national parks, such as the North York Moors national park in my constituency, is good for promoting tourism and helps small and medium-sized businesses in Guisborough and east Cleveland?

Mrs Spelman: I can give the hon. Gentleman an assurance. I visited the Lake District national park last week as part of launching the uplands policy and the park authority expressed itself quite capable of making savings, which are pro rata across the Department because we have to repair the finances after what was left behind by his Government. I am therefore confident that it can protect the front line while making savings in the back office. That park, in conjunction with many national parks, is setting about doing that constructively.

Mr Speaker: I call Mr Douglas Carswell. He is not here.

Mr Marcus Jones (Nuneaton) (Con): I met a number of Warwickshire dairy farmers last week and they told me that they are still receiving less for their milk from the supermarkets than it costs to produce. When the high cost of feed is added to that, it will either drive farmers away from producing milk or out of business altogether. What can the Secretary of State do to support our dairy farmers and protect UK food security?

Mr Paice: My hon. Friend has identified a real difficulty in the dairy sector that, as he rightly says, affects most dairy farmers throughout the country. The biggest challenge is the range of prices, which go from the relatively acceptable prices paid to producers who are designated into the liquid supply chain down to the very low prices paid by processors. I am working through the dairy supply chain to try to improve the overall market structure so that we can raise prices at the bottom, which will create an upward pressure right through the chain.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): At first sight, the independent panel on forestry includes three people who represent landowning or industry forestry interests but does not include anyone who represents the trade unions or the people who work in that area. The Institute of Chartered Foresters is represented, but that is very much a specialist interest. Is it not an omission not to have a trade union represented on the panel?

Mrs Spelman: When I made my statement on this matter in the House, I heeded very carefully the point that was made by Opposition Members that those who work in the forests ought to be represented on the panel. That is why Shireen Chambers of the Institute of Chartered Foresters will be on it. The panellists are there not as delegates but as representatives to look at the broad range of issues concerning forestry and woodland in England.

T9. [47227] **Robert Halfon** (Harlow) (Con): Epping forest has 20% of all Travellers pitches in the east of England, over 80% of which are in Nazeing or Roydon in my constituency. Can the Minister reassure my constituents that local communities will now be free to choose how many Travellers pitches they accept rather than having them imposed from Whitehall?

Mrs Spelman: This is a matter principally for the Department for Communities and Local Government, which I know is striving to find a balanced solution for both the settled and the travelling communities. I have sympathy with my hon. Friend, as I also have to deal with this issue in my constituency. The abolition of regional spatial strategies puts an end to the top-down provision of sites in favour of local solutions to provide the authorised sites that the travelling community needs.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): Yesterday, there was a march on City hall by residents of Poplar and Limehouse who are very concerned about the possible loss of King Edward Memorial park due to the necessary building of the Thames tideway tunnel. Can the Secretary of State or one of her Ministers reassure me and my constituents that just as DEFRA will keep an eye on costs, as outlined on its website, it will also keep a conscious eye on the need to protect that precious open space, which is much loved by thousands of my constituents?

Richard Benyon: I understand the concerns of a number of communities in London about the construction phase of this project, if it goes ahead. I am delighted that one particularly popular area of green space south of the river has been protected and I applaud Thames Water for having found an alternative site. I am happy to work with the hon. Gentleman and others to make sure that the impact of the construction of the project is as minimal as possible.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will Ministers look again at the funding of Northumberland national park, because pro rata cuts hit very hard the least well-funded national park, which suffers from what is known to be an unsatisfactory distribution of funding between national parks?

Richard Benyon: I am well aware of the national park's concerns. I have to be cautious because I believe that there might be legal proceedings under way, but I am a firm fan of what it does. It is important to note that the national parks will go back, as a collective group, to the funding of about five years ago. Life did not stop in the national parks back then—they did a lot of good stuff then and they will continue to do a lot of good work in future.

Barry Gardiner (Brent North) (Lab): I welcome the Minister's attempts to reduce inaccuracies in single farm payments and the fines incurred as a consequence, but he will know that fines are also incurred for late payment after the June deadline. Has he conducted any research in his Department about the flexing between inaccuracy fines and late payment fines to ensure that the best and optimal amount is achieved for the taxpayer?

Mr Paice: The objective is to have no fines at all rather than to choose between fines. I am determined to make the payments as accurate as possible so that we can draw a line under the sorry past under the previous Government. Equally, however, I want to keep to the payment deadline of June, and we plan to do so.

Mr Desmond Swayne (New Forest West) (Con): If the Under-Secretary were to find himself seeking to preserve ferry operations in the Lymington river by use of a declaration of overriding public interest, would he be empowered to impose conditions such as the use of more suitable vessels in the medium term?

Richard Benyon: I am well aware of the importance of this issue to my hon. Friend and his constituents. We have to bear in mind the economic value of that route to the Isle of Wight as well as other elements in his community. I assure him that I will exhaust every effort to make sure that we can get a solution with which every side is happy.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Are we ever going to get a fair deal for farmers or consumers when ruthless monopolies such as Tesco dominate our retail trade? Tesco now has 30% of the trade—by my economic training, that is a monopoly that any Government have to recognise and take on.

Mrs Spelman: The Department's business plan sets out clearly its priority of supporting British food and farming. Obviously, we are trying in the CAP negotiations to get a fair deal for British farmers, consumers and the environment alike. There was an investigation into abuse of competition through the Competition Commission, but the new element that we bring into play is the grocery adjudicator. As I said, the Department for Business, Innovation and Skills intends to introduce legislation on that around Easter.

Duncan Hames (Chippenham) (LD): On taking sustainable development mainstream, the Secretary of State gave me her clear assurance during DEFRA questions on 4 November that she would continue to meet the designated green Ministers from each Department. Will she tell the House who the designated green Ministers in each Department are, and when they last met?

Mrs Spelman: I am delighted to be able to tell the House that DEFRA has instituted the green Ministers breakfast. Ministers from across the Government come to DEFRA once a month for this popular event. As you would expect, Mr Speaker, the Department of food and drink makes absolutely sure that they do not go hungry. The events have brought about the huge benefits of breaking down silos between Departments and putting in place a really joined-up approach to green issues and sustainable development right across the Government.

Mr Speaker: We are now much better informed and thank the Secretary of State.

Thomas Docherty (Dunfermline and West Fife) (Lab): We saw this week that the Department has been slapped down a second time by the Prime Minister—this time over CAP payments. Does that explain why we still do not have a water White Paper?

Richard Benyon: We expect to have a water White Paper in the summer.

Andrew George (St Ives) (LD): Further to questions about the grocery adjudicator, I should declare an interest as chair of the Grocery Market Action Group, as well as because last week I met the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who

confirmed that the draft Bill would be published after the purdah period in May. Will the Secretary of State reassure the House that she will use every endeavour to work with the business managers of this place and the Business Department to ensure that the measure is introduced this year and that we have effective regulation of the sector as soon as possible?

Mrs Spelman: I am happy to give my hon. Friend an absolute assurance that I will use all my best endeavours to ensure that we proceed swiftly. I pay tribute to his work on producing a Bill in this Parliament, which I hope will help to inform his colleagues in the Department for Business, Innovation and Skills. I know that the Deputy Leader of the House is anxious that we make good progress on the important Bill that my hon. Friend mentioned.

Mr Speaker: I thank colleagues for their co-operation which, not for the first time, has ensured that every question on the Order Paper has been reached and substantially more besides.

Business of the House

11.32 am

Hilary Benn (Leeds Central) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 21 March will be:

MONDAY 21 MARCH—Remaining stages of the Budget Responsibility and National Audit Bill [*Lords*], followed by a motion relating to Members' salaries.

TUESDAY 22 MARCH—Remaining stages of the Scotland Bill.

WEDNESDAY 23 MARCH—My right hon. Friend the Chancellor of the Exchequer will open his Budget statement.

THURSDAY 24 MARCH—Continuation of the Budget debate.

The provisional business for the week commencing 28 March will include:

MONDAY 28 MARCH—Continuation of the Budget debate.

TUESDAY 29 MARCH—Conclusion of the Budget debate.

WEDNESDAY 30 MARCH—Remaining stages of the Police Reform and Social Responsibility Bill (Day 1).

THURSDAY 31 MARCH—Remaining stages of the Police Reform and Social Responsibility Bill (Day 2).

FRIDAY 1 APRIL—Private Members' Bills.

Hilary Benn: I am grateful to the Leader of the House for his reply.

Will the right hon. Gentleman join me in expressing our deep sorrow at the continuing suffering of the Japanese people as they seek to deal with the many disasters that have befallen them? Did he hear this morning's report of protestors being fired on and killed in Bahrain, and will he join me in condemning that?

On Monday's motion on the Senior Salaries Review Body report, will the Leader of the House indicate when he proposes to give effect to the Independent Parliamentary Standards Authority taking responsibility for MPs' pay?

The humanitarian emergency response review is due to report shortly. May we have an oral statement from the International Development Secretary?

Two months ago I raised with the right hon. Gentleman the suggestion of extending topical questions to all Departments that do not currently have them. He said that he had a lot of sympathy with my proposal. Can he tell us when he plans to implement it?

It has been a very bad week for the Government's NHS reforms, with revolting Lib Dems, 21 of whom failed to vote with the Government yesterday, angry doctors and Ministers reduced to pleading that their Bill has been misunderstood, a sure sign that they have lost the argument. Mind you, it takes a special kind of political genius to turn those whom they say they want to help—general practitioners—against them, so I have to hand it to the Secretary of State for Health. The more he talks about his Bill, the more he destroys public confidence in it.

Will the Secretary of State for Communities and Local Government come to the House to explain why he decided to attend the recent meeting of the Young Britons' Foundation, an organisation whose president has described the NHS as a 60-year mistake and whose chief executive has called for it to be scrapped? Was the Secretary of State there to pick up tips on how to destroy local government from people who want to destroy the NHS?

May we have a statement from the Secretary of State for Work and Pensions on figures from his own Department that show that the housing benefit changes will leave 450,000 disabled people an average of £13 a week worse off? People are worried about having to leave their homes, which might have been specially adapted to their needs. What a waste of money. Can the Leader of the House reassure them that that will not happen?

Last week I raised Westminster city council's odious new byelaw banning the distribution of free food to the homeless. Now we discover that the council has an accomplice: the Home Secretary. Will she make a statement during the report stage of the Police Reform and Social Responsibility Bill to explain why clause 149 will give local councils the power to seize and retain property in connection with any contravention of that byelaw? It means that, as well as fining people up to £500 for giving out free food, Westminster city council will be given the power to seize, if it so wishes, the soup, the urns, the vans, the ladles, the bread, the tea bags and anything else that is distributed.

The byelaw will apply to an exclusion zone that includes Westminster cathedral. Will the Leader of the House clarify for us and for the Archbishop of Westminster whether, if there is a service of holy communion in the open air outside the cathedral, under the byelaw and the Bill, priests would face a fine and communion wine cups and wafers could be seized by zealous officials of Westminster city council? What on earth would St Patrick, whom we celebrate today, make of all that? It is quite clear that Westminster city council's Tory members have completely taken leave of their senses, but why on earth are the Government helping them in this madness by a shabby piece of legislative complicity?

Finally, while we are on the subject of nasty Conservatives, I am afraid that I must tell the House that yet another private Member's Bill trying to cut the minimum wage has made an appearance. This time it is the Training Wage Bill, which is due to be debated tomorrow. I was delighted that after my criticism of the previous Bill it mysteriously vanished from the Order Paper. Will the Leader of the House join me in condemning this Bill so that we can perhaps make it disappear as well?

Sir George Young: I endorse what the right hon. Gentleman said about Japan and Bahrain. In the debate that is to follow shortly, he might find that the Foreign Secretary will say much more about Bahrain and touch on the humanitarian issues in Japan and what is happening to UK citizens there. I certainly endorse what he said about the need for Bahrain to move towards democracy and not deal violently with those who are protesting peacefully.

On IPSA and the debate on Monday, the Government support the independent determination of MPs' pay, as I said in my written statement of 20 January. I fully

intend that that debate should not lead to Members routinely voting on their salaries, so I can confirm that I will commence the relevant parts of the Constitutional Reform and Governance Act 2010 shortly to allow for fully independent determination of MPs' salaries in future.

On DFID, the right hon. Gentleman will know that my right hon. Friend the Secretary of State for International Development made a full statement to the House on 1 March about the humanitarian work and the Department's aid reviews, and since then the House has been kept informed about what we are doing in Christchurch, Japan and Libya. The humanitarian emergency response review, to which the right hon. Gentleman referred, is an independent review and, therefore, slightly different from the reviews that were the subject of the statement at the beginning of the month, but of course I will pass his views to my right hon. Friend about that very important report, which is being undertaken by Lord Ashdown.

On health, we had an extensive debate yesterday, but I was slightly disappointed at the relatively few Opposition Members in attendance, indicating a slight lack of interest in this very important subject. During the debate, we made clear our commitment to the NHS: we are spending more on it than the outgoing Labour Government planned to spend; we want to address the decline in NHS productivity that the Public Accounts Committee referred to earlier this year; and we want to drive up outcomes.

On housing benefit, the right hon. Gentleman will know that local authorities will have at their disposal substantial discretionary funds to avoid exactly the sort of situation to which he refers—people being displaced from their homes because of any shortfall in housing benefit as we introduce the changes. I very much hope that those discretionary funds, which have been increased, will be adequate to avoid the problems that he outlines.

On Westminster city council, I do think the right hon. Gentleman's imagination slightly ran away with him, given what he said about the byelaws. I understand that the council has invited him to see what it is doing and how it is approaching the rough sleeping initiative, and I hope that he will accept that invitation. I hope also that that will give the council an opportunity to allay some of the concerns that he has raised. I pay tribute to the work of the nuns at Westminster cathedral, who run The Passage, a very sympathetic approach to helping those who are homeless, and I very much hope that Westminster city council can work with the volunteers and work as a team to address the problems of homelessness, which I think he and I would both like to see resolved.

Now—

Hilary Benn: Topical questions.

Sir George Young: Topical questions, yes.

On topical questions, it is indeed my intention to make progress. A number of Departments answer questions for only 30 minutes, and at the moment there are no opportunities to answer or, indeed, to ask topical questions. I am having discussions with ministerial colleagues to see whether we can change that. The most urgent one relates to DFID, where there has been a direct approach from the shadow Secretary of State, and I hope to make an announcement relatively soon, once I have completed the necessary consultations with my ministerial colleagues.

Elizabeth Truss (South West Norfolk) (Con): My constituents were delighted to hear in the autumn comprehensive spending review that the final stretch of the A11 was to be dualled. This will have a magnificent impact on economic growth in the county and on local businesses, yet we are still to hear exactly when that major work will take place. Will the Leader of the House ask the Transport Minister to make a statement to the House about when that will happen?

Sir George Young: I am grateful to my hon. Friend. I am afraid that when I was Secretary of State for Transport for two years I omitted to do as much as I should have about the A11, but it is now among the 14 schemes that the Highways Agency expects to be able to start before 2015, subject to the completion of statutory processes. I understand that the agency is now working on the detailed delivery of that particular scheme, and I will ask the Transport Minister to write to my hon. Friend.

Lilian Greenwood (Nottingham South) (Lab): Before the general election, there was cross-party support for a consultation on improving voting opportunities for service personnel serving overseas. That was also recommended by the Electoral Commission in its report on the administration of the 2010 general election. With only 500 of the 10,000 troops in Afghanistan exercising their right to vote last May, should not the Government have progressed the matter with much greater urgency? Can we have a statement on the postal voting arrangements for the forthcoming alternative vote referendum in respect of service personnel serving overseas?

Sir George Young: The hon. Lady is quite right. There was considerable concern in the previous Parliament at the problems that confronted a number of those in the armed services who wished to exercise their right to vote, and there was disappointment expressed, certainly by Opposition Members in that Parliament, at the failure to make progress. I will raise with the Electoral Commission the issue that she has mentioned. I am anxious, as I am sure is every hon. Member, that everyone should take part in the AV referendum on 5 May.

Nadhim Zahawi (Stratford-on-Avon) (Con): In the past, we have had themed days for the Budget debate. Can the Leader of the House tell us on what day we will be able to debate the claim by the Opposition that a cut in VAT on fuel could be paid for by the bank levy, given that Labour has pledged that money 10 times over?

Sir George Young: There will be discussions through the usual channels on which Ministers will be answering on which day, but I am confident that during the four-day debate that I have just announced there will be an opportunity for Opposition Members to shed some light on the rather plaintive comment made over the weekend by the Leader of the Opposition that, when it comes to the economy,

"I can make no commitment to do anything differently".

Valerie Vaz (Walsall South) (Lab): Two of my constituents are ex-soldiers in receipt of very small pensions of £60 and £124 a week. They have been told that they do

[Valerie Vaz]

not qualify for jobseeker's allowance. Can we have an urgent debate to see whether the Secretary of State for Work and Pensions could use a discretion to exclude such small pensions so that these ex-soldiers who have served their country can qualify for benefits?

Sir George Young: As the hon. Lady knows, there are two accesses to JSA, one contribution-based and the other means-tested, and it sounds as though her constituents have fallen short on the one that is means-tested. I will certainly raise the issue with my right hon. Friend the Secretary of State for Defence to see whether there is any possibility of a disregard in the circumstances she has outlined.

Martin Vickers (Cleethorpes) (Con): It is British tourism week, and the Tourism Alliance has produced an encouraging report showing good progress for Government tourist initiatives. That said, tourist chiefs in Cleethorpes and northern Lincolnshire tell me that additional support is needed to assist specific tourism business start-ups. Can the Leader of the House find time for a debate on the wider aspects of the benefits to the country of the tourism industry?

Sir George Young: As someone who produced a thesis on the future of the British tourism industry in 1972, this is a subject in which I still have some interest. My hon. Friend may find that there is an opportunity during the Budget debate to raise the issue of support for the tourism industry. I will certainly bring his comments to the attention of the Chancellor of the Exchequer.

Grahame M. Morris (Easington) (Lab): Would it be possible to have an oral statement from the relevant Health Minister about Government support to improve the health and lives of people with learning disabilities and, in particular, whether the Department will continue to support for a further two years a study on the health care needs of people with learning disabilities? The study is currently hosted by the North East of England Public Health Observatory.

Sir George Young: The hon. Gentleman may know that last week we announced a review of those who have special educational needs, and there may be an opportunity for him to take part in that. It is an important subject, and I hope that he might apply for an Adjournment debate so that we can explore the issues at greater length and see what more can be done to help the people to whom he refers.

Mr David Nuttall (Bury North) (Con): Could the Leader of the House please confirm that the Committee stage of the Bill that will be required to ratify the proposed change to the treaty on the functioning of the European Union, which the House debated last night, will be taken on the Floor of the House? If he is not able to do that today, could we have a statement on the matter in the future?

Sir George Young: I will consider how we handle such a Bill when the opportunity presents itself.

Ann Clwyd (Cynon Valley) (Lab): Can we have a debate on the treatment of Bradley Manning, the young US soldier who is held in solitary confinement in the United States accused of passing on information to WikiLeaks? His mother is Welsh, and she attended a school in Wales for a time. There is considerable interest in his case. I would say his treatment is similar to that meted out to people at Guantanamo Bay.

Sir George Young: I understand the right hon. Lady's concern, which I think is widely shared. I cannot promise a debate in Government time, but it sounds like an appropriate subject for a debate in Westminster Hall in the next few weeks.

Neil Carmichael (Stroud) (Con): With localism in mind, could we have a debate about the future of local government finance, particularly the future of the business rate, in which my own council is very interested?

Sir George Young: There may be legislation in a future Session that addresses the issue of the business rate. As my hon. Friend knows, there are no such provisions in the Localism Bill that is before the House. The coalition Government propose to reform the arrangements for business rates, so there may be legislation in a future Session.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): On 9 February, the Prime Minister told this House that Liverpool passport office, which has 400 employees, was being considered for closure. He said that the Minister for Immigration was choosing between Newport and Liverpool. I do not believe that a proper consultation has been carried out. Yesterday, I received a letter from the Minister for Immigration which said that the Prime Minister's information was wrong. I have yet to receive a reply to my letter to the Prime Minister. Can we have a statement so that we know what is going on?

Sir George Young: The hon. Lady is certainly entitled to know what is going on. I would like to make some inquiries about the exchange of correspondence to which she referred, and will ensure that an accurate representation of what has taken place is communicated to her very soon.

Mr Matthew Offord (Hendon) (Con): The decision by officials at the Ministry of Defence to purchase and destroy the complete first print run of Toby Harnden's book, "Dead Men Risen", cost the UK taxpayer more than £150,000. The second edition that was printed today contains just 50 word changes. Given that the Ministry of Defence is seeking to address a budget deficit of £38 billion and in light of the book's contents, will the Leader of the House allow for a debate on MOD procurement and spending decisions?

Sir George Young: I understand my hon. Friend's concern. The Ministry of Defence rather reluctantly bought the entire first print run of the book because at a late stage the text was found to contain information that would damage national security and put at risk the lives of members of the armed forces. Faced with the stark choice between compromising that security and making the payment to the publisher for amendments, regrettably the MOD had little option but to pay the money. I will share the concerns expressed by my hon. Friend with Ministers at the MOD.

Keith Vaz (Leicester East) (Lab): Yesterday, the Minister for Immigration chose to go to the stock exchange, rather than the House, to announce changes to the immigration rules. At midnight last night, the Select Committee on Home Affairs published its report on student visas. I appreciate that the Leader of the House will not have had a chance to read it since its publication. However, is it not important to debate immigration changes in the House in Government time, rather than announcements being made in places such as the stock exchange or in written statements?

Sir George Young: It is certainly the case that all important announcements of Government policy should be made in the first instance to the House when it is sitting. That does not mean that Ministers are not free to make speeches outside the House, as appropriate. I have not read the report to which the right hon. Gentleman refers, but I have heard details of it in the media. The Government will respond in due course to the report, which has just been published. We believe that the system is in need of reform and we want to reduce net inward migration from outside the EU from the hundreds of thousands to the tens of thousands. The Select Committee will receive a considered response in due course.

Andrew Bridgen (North West Leicestershire) (Con): It has been a bad week for the shadow Chancellor. First, he was wrong about being able to obtain an EU derogation for VAT on fuel. Then he did not seem to know whether we were planning to cut—

Mr Speaker: Order. The hon. Gentleman will resume his seat. Business questions are an occasion for requests for statements and debates in the following week, and not for prefacing questions with lengthy descriptions of things that have happened to another party. That is not an orderly way to proceed. I hope I do not have to say that again. We will move on to someone else.

Mr Peter Bone (Wellingborough) (Con): Recently in business questions, the Leader of the House was unhappy with the idea of confirmation hearings for Ministers. On reflection, I was clearly not being radical enough. Can we have a statement next week on whether we can reintroduce the procedure whereby if someone is appointed to be a Minister, they must resign their parliamentary seat and fight a by-election?

Sir George Young: My hon. Friend is correct that that was the procedure until some time around 1920. I detect no particular appetite from those on either Front Bench to revert to that procedure. On reflection, I am not convinced that it would serve any useful purpose.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): Notwithstanding the public sensitivities surrounding Members' salaries, may I ask the Leader of the House in his dealings with IPSA to remind it gently that public opinion should not be the only criterion when deciding Members' salaries, but that external comparators should also be used?

Sir George Young: I hope that when it comes to IPSA taking over responsibility for Members' salaries, the hon. Gentleman will make representations. It is important that IPSA remembers that its task is to ensure that MPs have the resources that they need to do their job and to discharge their responsibilities. I am sure that we all await with interest the outcome of the review, which I think is due next week.

Jessica Lee (Erewash) (Con): Following the Cabinet's recent visit to Rolls-Royce in Derby, which is near my constituency of Erewash, and the Prime Minister's announcement on enterprise zones, will my right hon. Friend consider making time available in this House for a debate on the important issues of wealth creation and support for businesses in the regions, perhaps with particular emphasis on the east midlands?

Sir George Young: My Cabinet colleagues and I enjoyed our visit to Derby last week, including the presentations from Rolls-Royce and from other entrepreneurs in the area. Enterprise zones are currently being considered. Having been a Minister in the 1980s, I think that enterprise zones were a particular success, for example in transforming the London docklands development area. I hope that my hon. Friend will have an opportunity in the four-day debate on the Budget to develop her views on how we might help the east midlands and the enterprises to which she referred.

Owen Smith (Pontypridd) (Lab): During yesterday's debate on the NHS, the Secretary of State for Health implied that the Health and Social Care Bill will not extend competition law into the NHS to a greater extent. That contradicts the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns), who told the Public Bill Committee that competition law will affect the NHS to a much greater extent. Can we have an urgent statement on how competition law will bite on the NHS under the Bill?

Sir George Young: My right hon. Friend the Secretary of State for Health made it crystal clear in yesterday's debate that under the Bill before the House, there is no change in EU competition law.

Karen Bradley (Staffordshire Moorlands) (Con): The Leader of the House has referred to how thinly occupied the Opposition Benches were during yesterday's debate on the NHS. Will he tell the House what pressure he can put on the Opposition to hold another debate on this important topic, so that we can discuss thoroughly the idea—

Mr Speaker: Order. Again, that is not an appropriate matter for business questions. I appreciate that new Members are getting to grips with these things, and generally extremely well, but I am afraid that that question is not orderly and we will have to leave it there.

Robert Halfon (Harlow) (Con): Will my right hon. Friend find time for an urgent debate on the sale of murderous knives on numerous internet sites? According to a presentation at Harlow college by my local police community support officers, Phyllis Chipchase and Karen Rogers, 100 people suffered from knife crime in Harlow last year. Will he take urgent action to ensure that the big society becomes the safe society?

Sir George Young: We want the big society to be the safe society. On 2 February, my right hon. Friend the Home Secretary announced £18 million of funding over two years to tackle knife, gun and gang crime, and

[Sir George Young]

to prevent youth crime. The Government's position is clear on what should happen when someone carries a knife. Any adult who commits a crime using a knife can expect to be sent to prison, and serious offenders can expect a long sentence.

Mr Chuka Umunna (Streatham) (Lab): I, like others, was delighted for Prince William and Kate Middleton when the news of their engagement was announced. I look forward to celebrating their wedding with many of my constituents at street parties on the big day. However, this day of national celebration should not be exploited by fly-by-night companies looking to make a fast buck from the wedding, such as Eleven Events, which is planning to transform Clapham common in my constituency into a mass campsite for thousands of people to mark the occasion. The company is of questionable origin, having been in existence for only a year, and has no track record on such events. Can we have a statement from the appropriate Minister to tell us what the Government are doing to ensure that communities such as mine are protected from unscrupulous outfits trying to cash in on the royal wedding?

Sir George Young: I understand the hon. Gentleman's concern. As a former councillor in Lambeth who represented a bit of Clapham common, I have a residual and nostalgic interest in that part of south London. It sounds to me as if responsibility has been devolved to the local authority—either Lambeth council or the neighbouring Wandsworth council. I will ask my right hon. Friend the Secretary of State for Communities and Local Government whether there is any locus for him to resolve the dilemma.

Harriett Baldwin (West Worcestershire) (Con): Many churches in west Worcestershire have fundraising thermometers to monitor how much progress they are making on their fundraising. In light of next week's Budget debate, could we discuss installing similar thermometers on either side of the House so that we can keep track of the spending commitments, and in particular of how many times the one-off bankers' bonus levy can be spent?

Sir George Young: I understand my hon. Friend's interest. I do not know whether Westminster city council would allow the installation of a giant thermometer outside New Palace Yard on which was calibrated the growing number of commitments made by the Opposition, but in principle I agree entirely.

Mr Dave Watts (St Helens North) (Lab): Given that the Government have already damaged the economy in the north-west by doing away with the regional development agency and cutting regeneration funding by two thirds, may we have a debate on their latest proposals to sell off the assets of the RDA and return them to the Treasury?

Sir George Young: I dispute the premise on which the hon. Gentleman bases his question. The OECD report published yesterday states:

> "The government is pursuing a necessary and wide ranging programme of fiscal consolidation and structural reforms aimed at achieving stronger growth and a rebalancing of the economy over time."

That is a somewhat different position from the one that he suggested. If there are surplus assets that can be returned to the Treasury, I am sure they would be gratefully received.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): In my constituency, antisocial behaviour is an ongoing problem. I welcome the Government's consultation, but will the Leader of the House consider holding a debate so that we can discuss that serious issue and demonstrate that we, unlike the previous Government, are serious about tackling antisocial behaviour?

Sir George Young: I announced in the forthcoming business two days of Report stage on the Police Reform and Social Responsibility Bill, and my hon. Friend may have an opportunity either to table amendments or to take part in the debates so that he can ventilate his concern and urge the Government to do even better.

Barry Gardiner (Brent North) (Lab): I have a letter from the Comptroller and Auditor General, in which he states:

> "It is not acceptable practice for those commissioning a service subsequently to be remunerated as contractors for that service...and it is not appropriate for one group of providers to have exclusive power to determine the value of that portion of the contract for which they will become the contracted party."

In the light of that advice, will the Leader of the House ensure that there is a statement from the Health Secretary about probity and procurement in a health service with GP contractors?

Sir George Young: I am sure the hon. Gentleman is not casting any aspersions on the integrity of my right hon. Friend the Secretary of State for Health, but I will share with my right hon. Friend the concern that he has just mentioned and seek to reassure him that there are no irregularities at all in the arrangements for GP commissioning.

Graham Evans (Weaver Vale) (Con): Members of Sandymoor parish council recently presented me with a petition signed by hundreds of parents in my constituency about a lack of secondary school choice in that new-build area. The root cause of the problem is the Labour council giving planning permission for many thousands of new homes without thinking to provide essential amenities such as schools. May we have a debate about planning policy and the importance of avoiding such problems in future developments?

Sir George Young: My hon. Friend will know that it is not unusual for local authorities to use their section 106 planning powers to require a developer to make provision for a new primary or secondary school to cope with rising population. He will also know that we have passed legislation introducing free schools and reducing the planning barriers that confront them, to respond to parents' wishes when they want a new school to be established in their area to provide high-quality education.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Leader of the House will have seen the dire unemployment figures this morning, particularly to do with the young unemployed. That is a mounting problem in our society and bodes very ill for the future. May we have an early

statement and/or debate on that important matter? Members of all parties are deeply worried about the growing problem of youth unemployment.

Sir George Young: Of course, Members on both sides of the House share the concern about youth unemployment, which went up by some 40% during the period of the last Labour Government. There will be opportunities to debate unemployment during the four-day debate on the Budget. I hope the hon. Gentleman will take some comfort from the fact that 430,000 new private sector jobs have been created in the past year, and that more than 70,000 were created in the last three months of 2010, more than counterbalancing the 45,000 jobs lost in the public sector.

Julian Sturdy (York Outer) (Con): The Leader of the House has just announced the days for debate on the Budget. Has he had any indication of the day on which the former Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), has put in to speak?

Mr Speaker: Order. I must say that there is a growing discourtesy about some of these inquiries, against which I counsel very strongly. There are certain conventions in this place, and a basic courtesy from one Member to another is expected and must apply. I have no idea whether the hon. Gentleman mentioned to the right hon. Member in question his intention to refer to him—if he did not he certainly should have done—but in any case, it is not a proper matter for a business question.

Barbara Keeley (Worsley and Eccles South) (Lab): Last week, our national elite female swimming squad were asked to do a naked underwater photo-shoot, which was apparently linked to funding for the team's Olympic dream as sponsored by the national lottery and British Gas. I understand that the national lottery requires our elite athletes to do such public relations and photo-shoots as a condition of their funding. Will the Leader of the House provide time for a debate on how we are funding the Olympic ambitions of our elite athletes? Does he agree that it would be inappropriate if conditions and requirements for that sort of PR, which seems exploitative, started to be attached to funding?

Sir George Young: I will certainly raise the hon. Lady's concerns with my right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport. There is total investment of £264 million in Olympic sports for the London four-year cycle, and funding for swimming has increased significantly in the past two Olympic cycles. It now receives the third-highest amount of public investment of the Olympic sports. I understand the concern that she has expressed, and I will share it with my right hon. Friend.

Mr John Spellar (Warley) (Lab): May we have a statement next week on Southern Cross Healthcare? It is a company in financial crisis that has more than 750 care homes, about 31,000 residents and many worried employees. In a reply to me on 2 December, the Minister of State, Department of Health, the hon. Member for Sutton and Cheam (Paul Burstow), stated:

"Any discussions regarding continuing provision for residents of care homes should take place between care providers and CASSRs."—[*Official Report*, 2 December 2010; Vol. 519, c. 1014W.]

CASSRs are councils with adult social services responsibilities. Will the Leader of the House get some urgency into the Department of Health and get it to take a grip of what is clearly a major national problem, and may we have a statement next week on the outcome?

Sir George Young: I understand the concern on behalf of Southern Cross residents in the light of the financial problems that confront that company. Southern Cross is having discussions with Government officials about the plans that it has in place to address its financial difficulties and, crucially, to ensure that services are maintained. Ministers will continue to keep in close touch with the situation and will work with local authorities, the Care Quality Commission and others to ensure that there is an effective response that delivers protection to everyone affected. I will ask the Minister of State, Department of Health, my hon. Friend the Member for Sutton and Cheam (Paul Burstow), to write to the right hon. Gentleman.

Ian Murray (Edinburgh South) (Lab): My 77-year-old constituent Mr Muir received a letter from Her Majesty's Revenue and Customs stating that it was

"sending HMRC agents to your house to seize your possessions for sale at auction in order to pay your debt."

That was for a £549 rebate that Mr Muir had received in HMRC's error, which had already been repaid some months before. Such complaints about HMRC by my constituents are becoming regular. May we have an urgent debate or statement on the resources available to it to do its job effectively?

Sir George Young: I very much regret the sequence of events that the hon. Gentleman refers to, and I understand the distress that it has caused. There will be questions to Treasury Ministers on Tuesday, and he may like to raise the matter again then.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Unemployment is at a 17-year high and running at 14% in Middlesbrough. Growth is sluggish according to the OECD, and public sector cuts are yet to come. May I echo the words of my hon. Friend the Member for Huddersfield (Mr Sheerman) in asking for a debate on the Floor of the House about unemployment and its consequences for communities such as mine in the north-east?

Sir George Young: As I have said before, there will be four days of debate on the Budget, and a Budget for growth has at its heart dealing with the unemployment problems to which the hon. Gentleman refers. There will be ample opportunities to discuss unemployment next week and the week after, but to put it in context, employment has also risen.

Nic Dakin (Scunthorpe) (Lab): As has been mentioned, young people's unemployment is at a 30-year high, and the number not in education, employment or training continues to rise exponentially. We still do not know what the discretionary learner support to replace the education maintenance allowance will look like. Will the Leader of the House arrange for the appropriate Minister to come and make a statement to the House about what the Government's policy for young people is?

Sir George Young: I understand the hon. Gentleman's concern. Those who are continuing with their education in September will want to know what regime is replacing EMA, which we believe had a lot of deadweight attached to it. We will shortly announce a replacement scheme for EMA that will enable low-income families to continue accessing further education. It will be aimed at eligible individuals aged between 16 and 19.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): If a thermometer is to be erected outside the House, could it measure rising youth unemployment in this country? May we have a debate on that, shortly before a debate on the nationalist proposal for Scotland to have a separate time zone, which was recently before the House? I understand that Scotland's time would be roughly an hour and a quarter different from London's, so at noon in London it would be 13.14—Bannockburn time—in Scotland, thereby allowing the result of the Barnsley by-election to be announced in Scotland before the polls closed.

Sir George Young: I gather that that proposition received extensive attention during the debate on the Scotland Bill a few days ago. It was a very good joke the first time round, but it has diminishing returns. There are limits to the extent to which one can take devolution.

Mr Andrew Love (Edmonton) (Lab/Co-op): If there is to be no statement on the publication this week of the Hutton report—the Will Hutton report—which rejected a pay cut in the public sector alone and called for much greater transparency on pay in both the public and private sectors, may we have a debate on top pay in both, so that we can see what can be done about the arms race that has been going on in recent years?

Sir George Young: The Government are grateful to Will Hutton for his recently published report, and we will respond in due course. There will be an opportunity in the Budget debate to discuss differentials between low, medium and top pay, and approaches to reducing them.

Paul Flynn (Newport West) (Lab): The decision to build new nuclear power stations was greatly influenced by the belief that there would be a shortfall in generating capacity within a decade. That shortfall will now not take place because of the extended life of many of our power stations. Would it not be right to extend debate on the Government's very welcome decision to look at the safety of nuclear power stations to their very high cost and their impractical, unrealistic timetables?

Sir George Young: The hon. Gentleman raises a crucial point. He will know that my right hon. Friend the Secretary of State for Energy and Climate Change has asked Dr Weightman to conduct a review in the light of the problems in Japan. The details of his report will be established shortly, but the review will be conducted in close co-operation with the International Atomic Energy Agency and other international regulators to establish carefully what lessons can be learned. The reports will be put in the public domain and may well form the basis for a debate in due course.

Thomas Docherty (Dunfermline and West Fife) (Lab): I am sure the Leader of the House has seen the newspaper reports this week that the leader and deputy leader of Edinburgh city council were caught lying to the Scottish Parliament's Public Audit Committee on the issue of the Gathering. Will the Government make a statement next week on probity in local government, so that such disgraceful behaviour does not happen again?

Sir George Young: I am not sure whether this would be in order, but the remaining stages of the Scotland Bill are before the House next Tuesday; with some ingenuity, the hon. Gentleman may be able to work the issue to which he refers into that debate.

Angela Smith (Penistone and Stocksbridge) (Lab): BBC Radio Sheffield provides a much-valued service for the people of South Yorkshire, especially in times of crises, such as when the area flooded in 2007. May we have a debate on the future of BBC local radio in the context of the threat to the future of the service from the BBC Trust?

Sir George Young: There will be an opportunity on 28 March to raise that matter with the Department for Culture, Media and Sport. The Chair of the Backbench Business Committee is in the Chamber and will have heard the hon. Lady's question. A bid for a debate on local radio might be well supported by all Members, and the Committee might provide an opportunity for such a debate in future either here or in Westminster Hall.

Natascha Engel (North East Derbyshire) (Lab): As you know, Mr Speaker, the Backbench Business Committee is given comparatively little time to allocate debates in the Chamber, and all Chamber time is liable to be withdrawn or eaten into by the Government at very short notice. Westminster Hall, on the other hand, has a regular, protected three-hour Thursday slot for Back Benchers, and it is just as effective at holding the Government to account as the Chamber. However, the more we look down our noses at Westminster Hall, the more difficult it will be to use the second Chamber as a way of holding the Government to account. Will the Leader of the House encourage Members to respond to the Procedure Committee's sitting hours inquiry, including on the role of Westminster Hall, so that we can make full use of our second Chamber and not just see it as second best?

Sir George Young: The hon. Lady said at the beginning of her question that her Backbench Business Committee did not get enough days in the Chamber, but it gets 35 more days than it got in the previous Parliament, so at least we are moving in the right direction.

I agree entirely with the hon. Lady on the importance of Westminster Hall. My hon. Friend the Deputy Leader of the House will be there this afternoon for an important debate on privilege—I hope to look in on that. As she says, debates in Westminster Hall are not interrupted by statements or proceedings in the Chamber, and they take place at predictable times and for three hours. It is important that Westminster Hall is not seen as the poor relation of the Chamber. It is a partner and has a crucial role to play in our proceedings, and I would encourage all hon. Members, where appropriate, to take part.

BILL PRESENTED

TAX AND FINANCIAL TRANSPARENCY BILL

Presentation and First Reading (Standing Order No. 57)

Caroline Lucas, Kate Green and Jeremy Corbyn presented a Bill to require the Secretary of State to take steps to require banks, corporations and trusts to provide information on their status, income arising and tax payments made in each jurisdiction in which they operate; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 10 June, and to be printed (Bill 166).

North Africa and the Middle East

Mr Speaker: Before I call the Foreign Secretary to open the debate, I remind Members of the House that in view of the level of interest in speaking in it, I have imposed a 10-minute limit on Back-Bench speeches.

12.16 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): I beg to move,

That this House has considered the matter of North Africa and the Middle East.

Before turning to the entirety of that subject, Mr Speaker, you have indicated to me that it would be in order to say a few words about the situation in Japan, and that that would be an appropriate way of keeping the House up to date.

Clearly, the situation in Japan is of great concern. The devastation suffered in this crisis is truly appalling, and we are doing all we can to support the Japanese people during this traumatic time. We have severe concerns over a number of British nationals whom we have so far been unable to locate. Our consular teams in London and Japan are working round the clock to locate and assist British nationals. We are following up all the leads from the helpline that we have set up.

We advise against all non-essential travel to Tokyo and north-eastern Japan, given the damage caused by the earthquake and resulting aftershocks and tsunami. We are providing high levels of support for British nationals who are directly affected and their families, and have sent more than 50 additional staff to the affected region. They have been visiting reception centres, hospitals and locations affected by the earthquake and tsunami. Our assistance includes help with transport out of the immediate danger zone and from Sendai to Tokyo, and financial support for people who need essentials such as food, accommodation, clothing and telephone calls home. We are bussing British nationals from the Sendai region to reach Tokyo later today.

We know, too, that British residents in Tokyo and other parts of the country that were not directly affected by the tsunami are concerned, particularly by the situation at the Fukushima nuclear facility. We advise British nationals to follow all relevant advice from the Japanese authorities, and as an additional precautionary measure, not to go within 80 km of the site, and to stay indoors if they are within and unable to leave that area.

Owing to the evolving situation at that nuclear facility and potential disruptions to the supply of goods, transport, communications, power and other infrastructure, we are advising that British nationals currently in Tokyo and to the north of Tokyo should consider leaving the area. To help British nationals who wish to leave, we are chartering flights from Tokyo to Hong Kong to supplement the commercially available options. Full details of those flights will of course be made available through our website, and we are keeping that travel advice under constant review.

Mr Denis MacShane (Rotherham) (Lab): As someone who has visited Japan regularly for 30 years—most recently last November—I want to place on the record my personal tribute to David Green, the ambassador, and his staff. The Foreign Office and its staff have done

[Mr Denis MacShane]

everything that could be done, and I was rather dismayed by the unpleasant criticisms in some of the papers today. Frankly, at this moment of tragedy, we should unite with the Japanese people and our staff in Japan, who are doing tremendous work.

Mr Hague: I am grateful to the right hon. Gentleman, and I agree wholeheartedly with his comments, although David Warren is our ambassador in Tokyo, as I am sure he knows. Our staff are doing a tremendous job. There have been some criticisms of them, but I believe them to be baseless, and I hope the newspapers that have printed them will correct their accounts.

For good reason, the middle east has long been a central preoccupation in foreign affairs for successive British Governments and Members on both sides of the House. It is vital to our security and our economy, and many of the greatest challenges in foreign affairs, including nuclear proliferation, terrorism, religious extremism and piracy, are all present in the region. The search for peaceful co-existence between Israelis and Palestinians alone has demanded more international attention and effort than any other single international issue for most of the past 60 years, and the House will need no reminding of the loss of British lives during the war in Iraq.

On top of all those considerations, however, an unprecedented wave of change is now sweeping across the Arab world, triggering a series of simultaneous crises. Almost every middle eastern country has been affected at the same time by demands for greater political openness and democratic freedom. In Egypt and Tunisia, it has led to new interim Governments and the hope of a more democratic future. In Libya, legitimate protest has been followed by bloody civil strife at the hands of a Government willing to countenance any loss of life in order to cling to power. In each instance of instability, there have been implications for thousands of British expatriates who live and work in these countries, and I pay tribute, following the words of the right hon. Member for Rotherham (Mr MacShane), to British and locally engaged Foreign Office staff who are serving British citizens valiantly in extremely difficult situations. I put on the record my gratitude to them for their continued and often unsung efforts.

Each nation involved has a distinct culture, political system and level of economic development, so whatever their futures hold, there will be no single model. However, there is clearly a common hunger for justice, accountability, political rights and economic opportunity, given that the overwhelming majority of the demonstrations that we have seen have been peaceful and staged spontaneously by ordinary citizens. Our message to all Governments of the region is that without change popular grievances will not go away. The right to peaceful protest must be respected and responded to with dialogue.

Joan Ruddock (Lewisham, Deptford) (Lab): Did the Foreign Secretary notice, as I did, the impressive women-only demonstration in Benghazi yesterday? Does he agree that there can be no real democracy in any country unless there is the participation of women? It is regrettable that the military regime now in place in Egypt has appointed a constitutional committee in which no female lawyer is present.

Mr Hague: I very much agree with the right hon. Lady. If democracy is able to develop in these countries, it will be much stronger for the widespread participation of women. In the view of this House and the country, it would not be true democracy without that participation, but we cannot impose our culture on other countries. However, I will come on to ways in which we can act as a positive magnet for change and a demonstration of such democratic values.

Jeremy Corbyn (Islington North) (Lab): I agree with the Foreign Secretary that there is a thirst for peaceful, constitutional and democratic change across the region. However, that raises questions about at what point Britain has seriously contested human rights abuses in Saudi Arabia, Yemen, Oman, Bahrain and several other places, and at what point our thirst for selling arms outweighed our serious concerns about human rights throughout the region. We need a complete rethink of western strategy towards the whole region. Does he agree?

Mr Hague: I agree with part of the last bit of what the hon. Gentleman said. The pace and scale of events are such that many things will have to be rethought in the future. There is no doubt about that. However, to be fair to previous Governments and our record in office over the past 10 months, Britain has always been prepared to raise human rights. In Bahrain, for instance, which is a country with which we have strong and friendly relations, we have never hesitated, within the context of that strong relationship, to raise human rights concerns. Our ambassador there has always done so, sometimes to the annoyance of the Bahraini authorities. When I was there last month, of course I met the leaders of Bahrain, but I also met human rights organisations and raised their specific cases. It is possible, therefore, to have working relationships while pushing hard on human rights and arguing that future economic development and political stability are not in contradiction to human rights, but actually depend on the better observance of human rights and other such values. This country should take that position strongly.

Several hon. Members *rose—*

Mr Hague: I must be able to get into my speech, but let me give way to a few more hon. Members.

Martin Horwood (Cheltenham) (LD): Is the Foreign Secretary particularly concerned about this morning's news from Bahrain and some of the footage on the internet that clearly shows unarmed protesters being shot in the streets there? The authorities are clearly beginning to follow the path of brutality and repression that I am afraid other states have tried as well.

Mr Hague: I will come on to Bahrain. I want to make a few general points and then go quickly through each of the countries concerned. Perhaps I can respond to those points then.

Nicholas Soames (Mid Sussex) (Con): Does my right hon. Friend agree that for decades British ambassadors throughout the Gulf, pressed by their political masters, having been urging political reform on those countries? It is nothing new; it is just that they have not been heeded.

Mr Hague: My hon. Friend, who knows the region and our diplomats there well, is absolutely right; it has been done by British ambassadors under, as I said, successive Governments. This is not a partisan point. However, its importance has been enhanced by recent events, and the connection between political stability, the proper observance of human rights and the development of democracy has been underlined by them.

Thomas Docherty (Dunfermline and West Fife) (Lab): I draw the House's attention to my registered interest in this matter. Can the Foreign Secretary tell us on how many occasions since Monday the Prime Minister has spoken to President Obama about these human rights issues?

Mr Hague: The Prime Minister speaks to President Obama extremely regularly. The same goes at all levels of the US and UK Governments. I cannot tell the hon. Gentleman the number of times they have spoken about human rights, but we have continual discussions with the US Government on all these issues—I spoke to Secretary Clinton last night, for instance. I can update the hon. Gentleman on that point another time, but I do not have the details to hand.

Mr William Cash (Stone) (Con): My right hon. Friend speaks of human rights, but human rights include the right to live as well as the right to protest. As we speak, it appears that Benghazi airport is being attacked and people there are being massacred. Why have the arrangements for lifting the arms embargo in relation to those in the resistance not been followed up, despite calls by me and others over the past two weeks—when there was time to do that—for such action? I understand the problems, but it appears that no real attempt has been made. I think that we will pay a great price for not having done so.

Mr Hague: Again, I will come on to the situation in Libya. My hon. Friend knows that UN resolution 1970 was passed nearly three weeks ago, which placed an arms embargo on the whole of Libya, as well as many restrictions and sanctions on the Libyan regime. He also knows that we are arguing urgently—these discussions are starting again as we speak in New York—for a new UN resolution that would improve our ability and that of our international partners, including in the Arab world, to protect and support the civilian population in Libya. I will say more about that in a moment.

My argument fits with the issues that hon. Members have been raising. The right to peaceful protest must be respected and responded to with dialogue, and no country can safely or legitimately ignore these demands. Indeed, in both Tunisia and Egypt, Governments paid the price for not responding quickly enough to the aspirations of their people. The example of Tunisia, where preparations for elections are being made, media censorship has been removed, political prisoners have been freed and formerly banned political parties have been allowed to operate for the first time, has inspired others in the region and raised their expectations. To some extent and in some ways, the same is true in Egypt, although there are deficiencies, as the right hon. Member for Lewisham, Deptford (Joan Ruddock) has pointed out. However, Egypt's internal security agency, which for decades has been blamed for human rights abuses and was regarded as a powerful symbol of state oppression, has been abolished.

These extraordinary times call for an unprecedented response by the international community. We have not brought about these events, and neither we nor our allies can determine the future of middle eastern countries or dictate who leads them, but we cannot be bystanders. Our values and interests require us to be actively involved in encouraging economic and political development, to stand up for universal human rights and to give practical assistance where we can. If change can be achieved peacefully in the middle east, it will be the biggest advance of democratic freedoms since the countries of the old Warsaw pact threw off the oppressive yoke of communism. However, if change cannot be achieved peacefully, we are likely to see turmoil and unrest that sets back the cause of democracy and human rights, erodes gains that have been made, betrays the hopes of many who look to us for support, and damages our interests, including our security. As the Prime Minister said in his speech to the Kuwaiti Parliament:

"political and economic reform in the Arab world is essential as a long term guarantor of stability,"

prosperity and security. We will not be silent in our belief that freedom and the rule of law are what best guarantee human progress and economic success, and that each country should find its own path to achieving peaceful change.

Mr Andrew Love (Edmonton) (Lab/Co-op): I look forward to an update on the current situation in the middle east. On the points that the right hon. Gentleman has already raised, is it not critical that, while recognising the great differences among those countries, the UK and the west should be consistent in upholding democratic and human rights principles?

Mr Hague: It is indeed important to be consistent, but it is also important to couple that—as the hon. Gentleman did—with a recognition that there are many differences in countries and cultures. The imposition on other countries of everything that we believe in our country is not always the best way of getting people to do what we think is the right thing.

Keith Vaz (Leicester East) (Lab) *rose—*

Mr Tobias Ellwood (Bournemouth East) (Con) *rose—*

Mr Hague: I will take two more interventions and then I really must crack on a bit.

Keith Vaz: I am most grateful to the Foreign Secretary for allowing this intervention. May I take him to Yemen? He might not have mentioned Yemen yet, but he might be mentioning it later in his speech, so may I ask that the process that has been started will continue and that a Minister will attend the Friends of Yemen meeting in Riyadh that starts next week? I acknowledge the need for reform, but let me say that the enormous amount of face time that the Foreign Secretary and the Department for International Development have invested in keeping Yemen as stable as possible is also important.

Mr Hague: I will come to Yemen in a moment, to which several of my hon. Friends on the Front Bench and I give great priority. The Friends of Yemen meeting may have been overtaken by events, but the Gulf Co-operation Council is attempting to convene a meeting to bring about agreement between Government and opposition forces in Yemen on the way forward. That is the essential next step.

Mr Ellwood: My right hon. Friend has explained the gargantuan changes taking place across the region. There can be a tendency on our part to celebrate the removal of one dictator but then encourage the same thing to continue somewhere else. Will my right hon. Friend focus on what is happening in Egypt, where the revolution—if we can call it that—is only 40% of the way there? There are worrying developments involving the Muslim Brotherhood and the army excluding other opposition voices. Where Egypt goes other Arab countries often follow. We may have got rid of one dictatorship, but we need to be careful about what is put in its place.

Mr Hague: That is a very helpful intervention because it brings me neatly on to the next paragraph of my intended speech, which is about exactly that point.

The Prime Minister and I both met young people in Egypt and Tunisia respectively whose passionate desire to live in democratic societies bounded by the rule of law was inspiring and a great source of optimism for the future of those countries. We are ready to play our part and help to ensure that the scenario that my hon. Friend pointed to does not come about. In Tunisia, I announced our new Arab partnership initiative, which will support the development of the core building blocks of democracy, including free media, civil society, political participation and private sector development—work that we hope will be continued for many years with cross-party support in this House. We are already funding experts to assist Tunisia's political reform commission as it drafts the new electoral law. We are also offering advice on financial governance and the key economic challenges that the country faces. In Egypt, our embassy is working closely with the Government, opposition political activists and think-tanks, calling for a clear timetable for democratic elections that meet the aspirations of the Egyptian people.

We will continue that active role in British foreign policy. The Prime Minister and I have between us visited 11 countries in the region since January, and we will be visiting many more, but this is clearly a challenge to the international community as a whole. Together we must encourage further change across the region, support those countries that have already made a democratic transition and welcome positive steps towards reform by others, which is an important part of the policy. Such steps include the Government of Algeria ending their state of emergency, the important statements made by the King of Morocco last week on constitutional reform, and the programmes of political and economic reform put forward by the leaders of Jordan and Oman. These are all important steps that have been brought about directly by recent events.

Iran, of course, is an exception to that. Iran has shown breathtaking hypocrisy in claiming to support freedom in the Arab world, while violently suppressing demonstrations and detaining opposition leaders back home—acts that we deplore. We want Iranian citizens to enjoy full civil, political and human rights, and all the benefits of an open relationship with the rest of the world, but that will require the settlement of the nuclear issue, where the ball is firmly in Iran's court. Until Iran negotiates seriously on that issue, the international pressure on it will only increase.[1]

Mr Mark Field (Cities of London and Westminster) (Con): The Foreign Secretary is right that there is a passion for democracy, although I find that this passion is often shared more by would-be politicians and political leaders. The public in Egypt and many other countries want not just free elections but, much more importantly, the institutions that are the foundation of democracy—the rule of law, a free and independent judiciary, and a free press. Obviously they take rather longer to develop, but what efforts will we make to ensure that they develop?

Mr Hague: My hon. Friend is quite right that democracy is not just the holding of elections. We are all familiar with countries where elections of a kind are held, but we would not call them democracies. Indeed, some of the countries concerned used to hold elections. Democracy does indeed require all those things—an independent judiciary, strong civil institutions, free media, and so on. I have already outlined what we are doing in Tunisia to support their development, and I want to put the argument about what the European Union as a whole can do to encourage them.

Mike Gapes (Ilford South) (Lab/Co-op): The Foreign Secretary mentioned the position of the Iranian Government. Does he share my absolute disgust at the nauseating, hypocritical remarks of President Ahmadinejad, who has protested about what is happening in Bahrain, but at the same time is suppressing people in his own country? Can the Foreign Secretary say something about the role that Iran might be playing in fomenting difficulties between Shi'a and Sunni communities in the Arab world?

Mr Hague: The hon. Gentleman does not overstate his case. The words that he uses are wholly appropriate to the words and behaviour of the President of Iran. I do not have direct evidence of Iranian interference in, for instance, the affairs of Bahrain—although many would suspect such interference and influence—but with Iran's links to Hezbollah and Hamas, I do not think that it is currently playing a positive role in bringing about peace in the middle east.

Sir Menzies Campbell (North East Fife) (LD): Does the Foreign Secretary accept that economic progress in such countries will be an important buttress to democratic progress? Does he also agree that a unity of purpose both among European Union and NATO members and across the Atlantic will give us the best chance of achieving the objectives that he has set out?

Mr Hague: Yes, very much so. Again, that brings me to my next point.

There are many international organisations, such as the United Nations and the World Bank, that will have an important role to play in supporting democratic development in the region. However, there is a particular onus on European countries to be bold and ambitious.

1. *[Official Report, 22 March 2011, Vol. 525, c. 24MC.]*

In a sense we have been here before, when we helped the young democracies of central and eastern Europe. The nations of north Africa are not European and will not join the European Union. Nevertheless, this is the most significant watershed in the external relations of the EU since that time, and we must be ready with a positive vision for the region that can act as a magnet for change.

Over the past two months, the Prime Minister and I have made the case in EU meetings for a transformed EU neighbourhood policy that supports the building blocks of democracy in the Arab world, offers incentives for positive change and targets its funding effectively. The German Foreign Minister, Guido Westerwelle, and I wrote to our colleagues last week calling for a comprehensive partnership of equals between the peoples of Europe and the European neighbourhood, underpinned by deeper and wider economic integration and using the many instruments at the disposal of the EU to promote freedom, democracy, the rule of law and human rights. We believe that this transformation partnership should bring all the EU levers and incentives into one policy, and give the greatest support and benefits to those countries reforming fastest, with clear conditions attached.

We have proposed a path towards deeper economic integration with the European market, in clear stages leading up to a free trade area and, eventually, a customs union, progressively covering goods, agriculture and services. We are calling for an increase in the number of scholarships and grants, access to the resources of the European Bank for Reconstruction and Development, the re-apportionment of EU funds in favour of democratic reforms, the removal of existing quotas for countries that disregard the fundamental values of the EU, and consideration of an EU regional protection programme for north Africa to support the protection of displaced persons and to improve local infrastructure.

Mr Cash: Will the Foreign Secretary give way?

Mr Hague: I did not want to upset my hon. Friend by talking about the European Union, which in this case has a hugely positive role to play, with the nations of Europe acting together. I will give way to him one more time.

Mr Cash: In the light of the Prime Minister's attempts to get a no-fly zone—which are greatly appreciated by many people on this side, and across the House—and the problem of not being able to supply arms to the resistance, surely the Foreign Secretary understands that these problems have arisen because the European Union, among others, has been resistant to those ideas. We do not have the necessary unity, and talking about quotas, assets and all the rest of it has no bearing on the real problem, which is that we need to help the people who are in such peril in Libya at the moment.

Mr Hague: I am going to talk about Libya in a moment. What I am talking about now is the long-term approach of the United Kingdom and, we hope, the whole of the European Union to the region. I am talking about the offer that should be made, and the magnet that should be held out to encourage positive change in the region. If all the levers and policies of the European Union relating to its neighbourhood were brought into one coherent policy, even my hon. Friend might be driven to agree that that could play a positive role in the developments in the region.

Mr Robert Walter (North Dorset) (Con): The Foreign Secretary will be aware that the European neighbourhood policy has spent several billion euros over the years on trying to evolve a policy on that region. At the same time, Turkey has been much more successful, in economic and political terms. Will he tell us whether Turkey will be included in this new initiative, rather than excluded, as it has been in the past?

Mr Hague: Yes, that is a very important point. I certainly want this to be coherently organised with Turkey as well. Turkey is of course a positive model of democracy in a Muslim nation, and it has a vital role to play in the entire future development of the middle east. That is one of the reasons that we have placed such importance on bilateral relations with Turkey, and on the EU's relations with the country.

Mark Pritchard (The Wrekin) (Con): First, may I congratulate the Foreign Secretary on his excellent leadership of his Department, given the multiple challenges that it faces? I also congratulate his ministerial colleagues.

Turkey wants to become a key member of the European Union. It is today a key member of NATO. This is a moment of truth for Turkey. Does my right hon. Friend agree that Prime Minister Erdogan's statement that the no-fly zone proposed by the United Kingdom Prime Minister would be an unacceptable intervention in Libya will perhaps not help Turkey to attract the support of the Turkey-sceptics in this House or in other European Parliaments, especially that of France, that it needs?

Mr Hague: We must not expect the countries that we work with to agree with us or with each other on every single issue all the time. Yes, the Prime Minister of Turkey has made remarks to that effect, but that does not mean that Turkey will not have a powerful role to play in the wider relationship between the European nations and the countries of the middle east over the next decade.

The European Union must now follow through on the European Council's declaration of last Friday and make a real and credible offer to those countries, involving genuinely broader market access and the prospect of closer association with Europe. I hope that there will be considerable support across the House for such an approach. It is a long-standing strength of British foreign policy towards the middle east that it receives a wide degree of bipartisan support—tripartisan support, indeed—in Parliament and beyond, and that is something that this Government hope to foster and continue.

I also believe that there is support in the House for our view that the peace process must not become a casualty of uncertainty in the region. It is too important to be allowed to fail. There are dangerous undercurrents in the region, including the existence of armed groups wedded to violence and young people vulnerable to radicalisation, and a vacuum in the peace process risks conflict and even greater instability. Furthermore, the changing situation on the ground—in particular the illegal encroachment of settlements on the west bank

[Mr Hague]

and East Jerusalem, the isolation of Gaza and the entrenchment of Palestinian divisions—has made a two-state solution harder to achieve. Such a solution is the only lasting hope for sustainable peace and security in the region, but it is possible to foresee that the option of a two-state solution will have an expiry date if it is not taken up now.

In our view, the Quartet could help to achieve a breakthrough in the current stalemate by setting out in a statement the parameters for a future settlement. These should include: 1967 borders with equivalent land swaps; arrangements that protect Israel's security and respect Palestinian sovereignty; just, fair and agreed solutions for refugees; and Jerusalem as the capital of both states. The statement should call on both sides to commit to negotiations based on those clear principles. Britain, France and Germany made such a statement at the UN on 18 February.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I certainly recognise all the difficulties that the Foreign Secretary has identified, but does he also recognise the problems created by Iran in relation to the peace process? For example, it sent more than 50 tonnes of illegal weapons bound for Gaza on a ship that was intercepted by the Israelis only a few days ago.

Mr Hague: I fully recognise the often deeply unhelpful role of Iran; I have already referred to that in a different context. I absolutely agree with the hon. Lady about that, but I also say, as a long-standing friend of Israel, that putting real energy into bringing about a two-state solution is the best way to secure the future that the friends of Israel want to see for it—namely, as a peaceful, secure democracy and a homeland for the Jewish people. We will make that case energetically over the coming weeks. For Britain, that also includes continuing our firm and frank dialogue with Syria on Lebanon, including the special tribunal for Lebanon, and on the importance of progress on a peace agreement between Syria and Israel.

Robert Halfon (Harlow) (Con): Settlements are often cited as a barrier to peace, but does my right hon. Friend acknowledge that Israel initiated a 10-month freeze on the building of settlements and that the Palestinians came to the negotiations nine months later, leaving only one month for talks?

Mr Hague: I am not arguing that all the fault is on one side. There have been failures by Israeli and Palestinian leaders over the past few years to take the opportunity to make real progress in the peace process. However, I strongly wish that the Israeli Government had decided to continue the moratorium on settlement building, in order to give the direct talks that began last September a better chance. We urge all concerned, on both sides, to make the necessary compromises to bring about peace.

Several hon. Members *rose—*

Mr Hague: I am conscious that many other hon. Members wish to speak, so perhaps I should continue. I want to talk about the instability in Bahrain, Yemen and, of course, Libya. I shall then conclude my speech so that others can speak.

As we speak, there is continued unrest in Bahrain and deep instability in Yemen. In both cases, our immediate priority is the welfare of British nationals as well as the need to support dialogue and political reform. In Bahrain, the situation is serious and deteriorating, and the whole House will deplore the loss of life and the escalation of violence. The Prime Minister spoke to the King of Bahrain two evenings ago to emphasise that violence is unacceptable and counter-productive—whether it be from protesters, vigilante groups or the security forces. I spoke to the Foreign Minister of Bahrain along the same lines yesterday.

We call on all security forces in the country not to use violence against the demonstrators, and on the demonstrators not to engage in provocative or intimidating actions. It is essential for all sides to take steps to calm the situation in Bahrain. We are extremely concerned by reports that opposition figures have been arrested. We do not want to see a reversion to the days when Bahrain routinely held political prisoners. The Government and the security forces must respect the civil rights of peaceful protesters, the right to freedom of expression and freedom of assembly, and must uphold their obligations to ensure that wounded protesters get immediate access to medical treatment. We also call on opposition groups to enter the dialogue offered by the Bahraini Government and to desist from violence themselves.

We advise against all travel to Bahrain until further notice and we recommend that British nationals who do not have a pressing reason to remain should leave. The first option for British nationals should remain commercial routes, which continue to fly to and from Bahrain international airport, which is operating normally. In addition, the UK Government are chartering planes to supplement those commercial flights. That will assist the departure of British nationals from Bahrain to Dubai today and further flights will be provided as needed.

Mr David Winnick (Walsall North) (Lab): I have absolutely no illusions about the thuggery of Gaddafi, which has been evident since 1969. If we had already intervened in Libya—I mean western intervention or British intervention on its own—would not the response inevitably be, including from myself, why not intervene in Bahrain?

Mr Hague: It is important not to think about the issue—I am coming on to Libya in a few moments—in terms of western intervention; it is about the responsibilities of the wider world, including the Arab world. That is why we have said that whatever we do in Libya—it applies to other nations as well—it must be legal; there must be a demonstrable need for it; and there should be broad support for it within the region. Any action that appeared to be "the west" trying to impose itself on these countries would be counter-productive, as has been suggested.

Rehman Chishti (Gillingham and Rainham) (Con) *rose—*

Mr Hague: I will give way one more time, to my hon. Friend, before I move on to deal with Libya.

Rehman Chishti: I thank the Foreign Secretary, but does he agree that the monarchy in Bahrain has made considerable reforms, including a referendum on a

constitution in 2001 and an elected Parliament? Has my right hon. Friend made an assessment of Iran's current involvement in the Bahrain situation?

Mr Hague: I mentioned Iran's involvement earlier, but I agree with my hon. Friend that there have been many positive attempts at reform in Bahrain. It is important not to view Bahrain and Libya as analogous. In the case of Bahrain, the Government have genuinely offered dialogue with opposition groups and offered a referendum on a new constitution. Colonel Gaddafi is not in the position of offering a referendum to his people on a constitution—he is at the other extreme. All these circumstances should not be considered to be analogous.

We are also advising against all travel to the whole of Yemen, where the situation is very fragile. On 4 March, we advised all British nationals in Yemen to leave by commercial means if they had no pressing reason to remain. On 12 March, we updated our advice to nationals saying they should leave immediately by commercial means while they are still available. We welcome the President's initiative a week ago, in which he set out plans to amend the Yemeni constitution, to move from a presidential to a parliamentary system and to respect the right of peaceful protest and address the protesters' demands. The Yemeni authorities must now urgently demonstrate their commitment to dialogue with all opposition groups committed to a peaceful and orderly political transition. Violence and other heavy-handed techniques against peaceful protesters undermine attempts to create dialogue and diplomatic activity in support of it. All Yemenis have the right to protest peacefully and participate in the political process. We urge all parties to come together in a constructive and credible fashion to achieve an orderly transition so that all Yemenis, with the support of the UK and Friends of Yemen, can address the urgent economic needs of their country. We continue to follow developments closely.

The most immediate challenge—several hon. Members have already raised the issue and it is the last subject that I shall address—continues to be the appalling situation in Libya. As we speak, regime forces continue to bombard rebel-held areas and are making threats to retake Benghazi. We remind all concerned in Libya that the chief prosecutor of the International Criminal Court has begun his investigation, and that for those committing or considering crimes, the reach of international justice will be long.

The UK has been at the forefront, with France, of international efforts to isolate the Gaddafi regime. As we have been reminded in the debate, time has been of the essence throughout this crisis, as the regime has sought to use every day to regain ground. We have already achieved the fastest EU sanctions, the fastest UN Security Council sanctions regime, the fastest referral to the International Criminal Court and the first suspension of a member state by the UN Human Rights Council. We are working at this moment to agree a new UN Security Council resolution, following up urgently the lead given by the Arab League, which has called for the imposition of a no-fly zone over Libya and the creation of safe areas in places exposed to shelling.

The grounds for a new resolution are clear: there are multiple breaches of resolution 1970. Gaddafi is ignoring the Security Council's unanimous call for

"an immediate end to violence",

and we also have concerns about the policing of the arms embargo and the use of mercenaries. Following extensive consultations with Lebanon, France, the US and others, the text of a further UN Security Council resolution on Libya will be under discussion today.

Mr Chuka Umunna (Streatham) (Lab): I completely agree that, as far as Libya is concerned, we cannot be bystanders. The Prime Minister has acknowledged in the past 24 hours the wide range of views on the Security Council about the no-fly zone, and I was encouraged by the Foreign Secretary's comments. I was surprised, however, to read that the Prime Minister has spoken to President Obama about Libya and the imposition of a no-fly zone only once in the last week. I wonder whether the Foreign Secretary could expand on what he sees as the principal obstacle for the American Administration in moving towards the no-fly zone. In the Foreign Secretary's view, what is holding them back?

Mr Hague: There is nothing holding them back. Yesterday, the US proposed a strengthening of the resolution, which the UK, France and Lebanon put forward together at the Security Council, so the US position came out very clearly there. I assure the hon. Gentleman that, as I said earlier, there is massive, sometimes hourly contact between the United States and the United Kingdom—at the Security Council, with the Secretary of State, with the National Security Adviser, with the State Department, with the Pentagon and between 10 Downing street and the White House. That contact is going on all the time, so trying to make out that we are not in touch with the US Government, when we should all be working together on these huge issues, has something ridiculous about it.

Several hon. Members *rose—*

Mr Hague: I shall give way only to Members to whom I have not already given way. I really must conclude my speech in a few minutes' time.

Dr Julian Lewis (New Forest East) (Con): I thank my right hon. Friend. Will he confirm whether assessments show that a no-fly zone is likely to be effective against the ground attacks against the Libyan rebels? Will he confirm that in order to mount such a no-fly operation quickly, carrier-borne aircraft—sadly, not ours—will be essential at the beginning? Will he further confirm that if we are involved in such operations, they will be paid for by funds additional to the existing defence budget and not subtracted from it?

Mr Hague: Financial arrangements will depend on the circumstances and discussions in government, and are secondary to the urgency of taking these decisions. No, carrier-borne aircraft are not necessary, as none of the contingency planning of any of the nations involves the use of aircraft carriers. I agree with my hon. Friend on one point—that a no-fly zone is not the complete answer, although it might be one element that helps. Having a no-fly zone does not mean that everything would be sorted out and everybody would be fully protected. We should not pretend otherwise. As I say, it is one element and the Arab League has called for it.

Several hon. Members *rose—*

Mr Hague: I cannot give way to Members to whom I have given way already. In order to be fair to the House, I must end my speech in a few minutes. However, I will give way to the hon. Member for Paisley and Renfrewshire North (Jim Sheridan), because I have not given way to him before.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): Notwithstanding the bravery of the diplomatic corps and, indeed, the military in Libya, may I share with the Foreign Secretary the experiences of my constituent James Coyle, who was eventually brought back to Britain from Libya? He and his family, and indeed his employer, experienced great difficulty in communicating with the Foreign Office and obtaining information. Has the Foreign Secretary had time to reflect on what lessons have been learned, and on how we can best deal with such circumstances in the future?

Mr Hague: It is important for the hon. Gentleman to remember that, thanks to the commendable organisation, immense bravery and skill of the Royal Air Force and the special forces, people such as his constituent were lifted out of the desert in Libya and brought safely home. That is something of which we in the House should be proud, rather than trying to find fault with the way in which the exercise was carried out. I am sure that people who are rescued in those circumstances will be grateful for what the United Kingdom did for them. Certainly the people of 43 other nationalities in whose evacuation from Libya we assisted are very grateful for our assistance.

Sir Malcolm Rifkind (Kensington) (Con): Will my right hon. Friend give way?

Mr Hague: I will give way, for the last time, to my right hon. and learned Friend the former Foreign Secretary.

Sir Malcolm Rifkind: My right hon. Friend told us that a new Security Council resolution might be in the process of being tabled. If I understood him correctly, he said that part of the thinking behind it related to evidence that Colonel Gaddafi might be seeking to breach the arms embargo restrictions. Does he agree that it would be intolerable for the Gaddafi regime—which is already very heavily armed—to be able to continue to obtain additional armaments while the insurgents who are fighting it are being denied access to any military equipment because of legal advice that the arms embargo has been drafted so tightly that it extends beyond the Gaddafi regime to other elements in Libya? If there is to be a new Security Council resolution, will my right hon. Friend do all in his power to ensure that it clarifies the fact that the embargo is directed against the Gaddafi regime, and does not prevent the provision of help for those who are fighting it?

Mr Hague: The situation described by my right hon. and learned Friend would indeed be intolerable. That is why the proper enforcement and policing of the arms embargo is an important and legitimate subject for the resolution. However, I do not want to leave my right hon. and learned Friend in any doubt about what the Security Council intended by the arms embargo in resolution 1970. It was clearly intended to apply to the whole of Libya. Any change would have to be embodied in a further resolution: that is the legal position, as understood by the Security Council and all its permanent members. The solution, or attempt at a solution, that is most likely to be agreed by the Security Council is a thorough and full enforcement and policing of the arms embargo, rather than amendments to an embargo that was agreed nearly three weeks ago.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Will my right hon. Friend give way?

Mr Hague: No, I will not give way any more. I must be fair to the rest of the House.

The draft resolution that is being discussed today includes demands for an immediate ceasefire, a complete end to violence, and a ban on all flights in Libyan airspace with the exception of humanitarian flights. It authorises all necessary measures to enforce compliance with that ban. It calls for all necessary measures short of an occupation force to protect civilians under threat of attack, including those in Benghazi. It also includes a variety of measures to enforce the arms embargo in Libya, to tighten the assets freeze and travel ban imposed on regime members, and to deny Libyan planes permission to take off from, land in or overfly the territory of UN member states.

There is a range of views in the Security Council on the measures that have been proposed, and the draft resolution already reflects that range of views. We must not pretend that agreement on the proposal, or even on large elements of it, will be easy. However, we are clear about the fact that it is right to seek authority for a combination of measures for the people of Libya, for all those in the region who are campaigning for change, and for Britain's national security. Negotiations on the proposals are beginning now in New York, and the Government will keep the House and the country informed of developments as they arise. We will do our utmost to ensure the passing of a resolution that places the maximum pressure on the Libyan regime and extends protection to the beleaguered and oppressed civilian population of Libya.

This, then, is our approach to the middle east. It is to be on the side of the legitimate hopes and aspirations of millions of people who seek change and reform; to encourage Europe to act as a magnet for the long-term future for economic openness and political stability and democracy; to champion the cause of the middle east peace process, and to advocate renewed strong international engagement on it; to confront the dangers posed by the nuclear intentions of Iran; to seek, however we can and at all times, to protect British nationals and bring them to safety; to encourage dialogue in very troubled countries such as Bahrain and Yemen; and now—today—to seek international agreement on protection and support for the people of Libya.

1.6 pm

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): Let me begin by associating myself with the Foreign Secretary's expression of support for the people of Japan. I have noted all that he has told the House today about the position of United Kingdom nationals. I urge him to continue to monitor this very worrying situation closely, and, of course, to keep the public and the House up to date in the days ahead.

I welcome the debate. It is always important for the House to dedicate time to discussing complex issues such as this, but it is especially significant today. As Members in all parts of the House will be aware, we meet at a time when north Africa and the middle east face a moment of great possibility but also great peril. In the 20th century, our own continent of Europe twice generated conflicts that in turn engulfed the world. Today, the middle east generates many of the most threatening challenges faced by the international community.

The courageous youthful protests and their advocacy of human rights, freedom and democracy, in what has come to be termed the Arab spring, have swept aside old assumptions, and still present an opportunity for the catalysing of fundamental change in the region. Although these popular revolts have been generated within and not beyond the region, I believe that the international community must develop a coherent and strategic response which encompasses countries that have experienced popular revolts in recent weeks and now aspire to be democratic Governments, and other countries in the region with which we have long-standing relations; which maps our response to the security challenges that still confront the region; and which, even at this late hour, responds with urgency to the distinctive circumstances in Libya.

Mr Jenkin: Will the right hon. Gentleman give way?

Mr Alexander: I am keen to make a little progress, but I shall be happy to take an intervention later.

Peace and security in the middle east remains one of the most important foreign policy objectives of our country. Let me begin by addressing the conflict that has generated grievance across the region for so many decades: the Israel-Palestine conflict. There is today, I believe, fairly broad agreement across the House about the steps that are required for movement from a peace process to a peace agreement. We are broadly united in the view that the entire international community, including our friends and allies in the United States, should now support the 1967 borders with land swaps as the basis for resumed negotiations. The outcome of those negotiations should be two states, with Jerusalem as a future capital of both, and a fair settlement for refugees. My party will stand shoulder to shoulder with the Government if they take the necessary steps to bring others in the region, and beyond, to that point of view. Let me incidentally affirm that the Government's decision this month to back a United Nations Security Council resolution making clear Britain's opposition to illicit settlement building by Israel was the right decision, despite the veto exercised by the United States.

Jeremy Corbyn: Does my right hon. Friend not accept that settlement building is illegal, end of? Why are we still talking about moratoriums and suspensions, when the issue should be no settlement building whatsoever, and withdrawal of those settlements from the west bank? This should not be a matter for negotiation; it should be a matter for the assertion of international law.

Mr Alexander: I hope my hon. Friend will forgive me if I say that there may be a rather Jesuitical distinction between a moratorium and an end to settlements. However, we are on common ground in believing that settlements are illegal. As I have said, this is an urgent issue, which needs to be addressed through a reinvigorated process in the months ahead.

Historians will spend decades analysing the causes of the sweeping changes across the broader region in recent months, but we can, perhaps, all agree on one overriding factor. In a speech in Cairo in 2009, President Obama affirmed his

> "unyielding belief that all people yearn for certain things: the ability to speak your mind and have a say in how you are governed; confidence in the rule of law and the equal administration of justice; government that is transparent and doesn't steal from the people; the freedom to live as you choose."

The events of the last few months have given the lie to the idea of Arab exceptionalism: the notion that somehow the middle east is immune to the appeal of more democratic governance and that the aspiration for a better life is somehow not universal. We can, and must, use British influence to support political transitions in north Africa, a region that is just 8 miles from Europe at its nearest point. Europe's security and stability would be better served by having more stable, prosperous and democratic neighbours on its southern border.

I have said previously that I believe the European Union to have been "slow off the mark" in its response to the events in Egypt and Tunisia, but the EU has an honourable record in assisting its eastern neighbours in their transition to democracy. For those countries to the east, there was a clear link between democratisation and the rule of law and the goal of accession. Given that accession is not on offer to the north African countries, we must think about what Polish Foreign Minister Sikorski has rather colourfully called "multiple small carrots" in respect of European support for countries in transition to democracy in north Africa. In years to come, that should mean multiple elements of conditionality too, if regimes backslide into the ways of the past.

How would such a programme need to develop? First, as was the case when the European Bank for Reconstruction and Development swung into action almost 20 years ago, these societies are in need of capital investment. The European Union's High Representative has spoken about the European Investment Bank increasing its work in north Africa, and I take from the brief reference to that that the Government are supportive of the suggestion.

Mr MacShane: Yesterday a number of Members from all parties met Tunisian Ministers and the Tunisian ambassador, and found out that, rather dismayingly, Tunisia has not been, and is not, what is called a priority country in respect of the overseas trade activities of the Department for Business, Innovation and Skills. That highlights the real problem: we have taken our eye off the north African ball for far too long—that applies to both recent Governments.

Mr Alexander: Let me continue the recently established tradition of the Foreign Secretary in thanking my right hon. Friend for that intervention, especially given that the next paragraph of my speech addresses the issue of trade.

I welcome the fact that the Government now advocate that the Commission should be developing a package of trade measures that addresses in particular the tariffs

[Mr Douglas Alexander]

and quotas that currently lock out north African agricultural goods, not least those from Tunisia. Further, each European country, with their different democratic traditions, should stand ready to assist those countries working to strengthen and support civil society. I hope I speak for all in this House in paying tribute to the work of our own Westminster Foundation for Democracy, and I hope it will be able to play an active role in supporting that transition.

However, just because the media's focus has moved on from Egypt, that does not mean the process of change in Egypt is now complete. When the Minister winds up, will he update the House on what discussions the Government have had with the military authorities in Egypt about the timetable and preparations for the free and fair elections?

Mr Cash: On the right hon. Gentleman's recitation of the advantages of the EU in the context of trade and investment, it should be pointed out that we have been supplying moneys to the Maghreb countries for generations, so there is nothing new in that. The real question about the crisis in Libya, and the massacre that may yet come, is this: does he believe it was right that there was resistance within the EU to the no-fly zone, and what does he think about the failure to lift the embargo for those in the part of Libya around Benghazi who need arms and are fighting valiantly, but who are increasingly in peril?

Mr Alexander: Let me try to address each of the three questions that the hon. Gentleman cunningly asked within that single intervention. First, I was seeking to make a different point about the EU position. I was saying that trade barriers are a crucial issue if we are to enable these countries to trade their way out of the stagnation that has contributed to many of the problems in the region. I accept that there are issues in relation to resource transfer, and I am on the record as saying about the EU's external budget that we should look at whether, for example, resources should be transferred from Latin America to north Africa in the light of what we have witnessed. There is a pressing challenge in relation to trade, therefore.

Secondly, on the European Council's deliberations on Friday, it was disappointing that there were such discordant voices around the table. It is not yet fully clear to me whether a specific proposal was tabled at the EC, or whether a general conversation ensued. From my experience of working in the Foreign Office as Europe Minister in a different period, I was surprised that the judgment was made that a joint letter issued by the British Prime Minister and the French President was likely to secure European unity. Given the need to try to secure not least the support of Chancellor Merkel, I would have thought a more judicious approach might have been to try to ensure the co-operation and engagement of Berlin at an earlier stage in the process.

The hon. Gentleman's third point was about the arming of the rebels. I have consistently made it clear during this crisis that all options should remain on the table and all contingencies should be considered by the international community. I am not convinced that the EU would be the appropriate body in that regard, but I have said that all contingencies should remain on the table.

Let me now make a little more progress with my speech. First, I ask the Minister who winds up this evening to answer the following questions on Egypt: have the British Government taken steps to ensure that the Egyptian authorities release the political prisoners who were detained at the time of the protests, and what specific recommendations have been made on the recognition of trade unions and other institutions in Egyptian civil society?

On 14 February, the Secretary of State told this House:

"We have also received a request from the Egyptian Government to freeze the assets of several former Egyptian officials. We will of course co-operate with this request, working with EU and international partners as we have done in the case of Tunisia. If there is any evidence of illegality or misuse of state assets, we will take firm and prompt action."—[*Official Report*, 14 February 2011; Vol. 523, c. 715.]

We discovered only at Foreign Office questions on Tuesday of this week that the Government did not have the necessary information from the Egyptian authorities and that our European partners were not moving quickly enough. Will the Minister therefore tell the House what steps the Government have taken to get the necessary information from the Egyptian authorities, and what the Government are doing to move the process along in the European Union?

Bahrain has, rightly, already been the subject of a number of interventions. The situation in Bahrain is deeply worrying, and it is deteriorating. The real risk today is not simply that the legitimate aspirations for reform and change in that country are denied—important thought that is—but that this tiny island could become the violent fulcrum of a wider battle for regional influence. That is why I stand with the Government in their urging of restraint in these dangerous days. Indiscriminate violence used against peaceful protests is unacceptable anywhere and should be condemned comprehensively.

The security response taking place in Bahrain cannot be a substitute for a political resolution. A political solution is necessary and all sides must exercise restraint and work to produce a dialogue that addresses the needs of all the Bahraini citizens. I listened with care to the Foreign Secretary's remarks indicating that our Prime Minister had talked to the King of Bahrain and that the Foreign Secretary himself had spoken to the Bahraini Foreign Minister, and I welcome those interventions, but may I ask the Minister to tell the House what representations the Government of the United Kingdom have made to the Government of Saudi Arabia to urge restraint, and have our Government obtained a clear picture of Saudi Arabia's intentions in Bahrain?

Reform towards a constitutional monarchy is being countenanced not only in Bahrain: in Morocco on 9 March King Mohammed tasked a group of esteemed Moroccans, including dissidents, to draft a new constitution. In particular, he called for a separation of powers, including an independent judiciary, a more equitable system of governance across the country's provinces, and a series of amendments that would enshrine individual liberties, human rights and gender equality. What some have called "the King's revolution" must translate words into deeds and the promise of reform into the reality of change.

Elsewhere across north Africa and the middle east we need to be consistent in urging the embrace of more democratic reform, which is why, on Yemen, the

Government are right to urge progress on national dialogue with opposition parties and democratic reforms. Clearly, there also needs to be a clear plan for economic development and poverty reduction in Yemen, as well as an intensification of action against al-Qaeda in the Arabian Peninsula.

Keith Vaz: I wholeheartedly agree with what my right hon. Friend has said, which is much in accordance with what the Foreign Secretary has said on Yemen. As my right hon. Friend started the Friends of Yemen process last year, in January 2010, does he not believe it is important that it continues? I was disappointed to learn that the meeting will not be taking place in Riyadh next week, but even if a formal meeting does not take place it is important that we ensure that what has been started should be completed; otherwise, we will see al-Qaeda running Yemen.

Mr Alexander: As so often, my right hon. Friend speaks with great authority on Yemen. Of course, it was under the previous Government that the Friends of Yemen process started, when we welcomed Secretary of State Clinton here to London. At that time, clear and solemn undertakings were given that the international community would not forget Yemen; and that there would be a continuing focus not simply on the real security issues that are of direct concern in the United Kingdom and other countries, but on a commitment to the long-term development that is necessary. If my recollection serves me rightly, Yemen is the only low-income country in the middle east. It has a truly horrendous number of weapons per head of population and is afflicted by many simultaneous challenges. Although I fully respect the fact that difficult judgments have to be made on the formal timing of meetings, I agree with my right hon. Friend that we must not lose sight of or the focus on the continuing urgency and importance of the situation in Yemen.

May I also take this opportunity to condemn outright the utterly unacceptable behaviour of Iran that resulted, on 5 February, in British special forces seizing a shipment of suspected Iranian arms intended for the Taliban in Afghanistan? That is but further proof, if any were needed, of the real danger that Iran poses, not only through its nuclear programme but through its continuing policy of attempting to destabilise its neighbours in the region. We are fully with the Government in their efforts to deal with Iran, and I agree with the Foreign Secretary when he says:

"Iran should not think that recent events in the middle east"—

and north Africa—

"have distracted the world's attention away from its nuclear programme."

Given the continuing risks represented by Iran's nuclear programme and Iran's failure to engage in any serious way in the recent talks in Istanbul, could the Minister perhaps update the House on the Government's discussions with international partners on the next steps to increase the legitimate peaceful pressure on Iran to comply with UN Security Council resolutions and the requirements of the International Atomic Energy Agency?

In the time remaining to me, I wish to deal with the most urgent and pressing issue of Libya. I agreed with the right hon. and learned Member for Kensington (Sir Malcolm Rifkind), a former Foreign Secretary, when he wrote in an article in *The Times* on Monday:

"The reaction of the international community to events in Libya has, so far, been uncertain, disunited and at best tactical rather than strategic."

In recent days, the international community's disagreements on the important issue of the no-fly zone has been a dispiriting reminder of the importance of the international community speaking with one voice in circumstances of crisis.

Robert Halfon: Given what the right hon. Gentleman has just said, does he accept that his Government got it wrong in having such close relations with Gaddafi, and in facilitating business and academic links? When he was responsible for the Export Credits Guarantee Department, he allowed defence equipment to go to Libya. Does he agree that that was a big mistake?

Mr Alexander: A trend seems to be developing whereby those on the Government Benches ask three questions under the guise of a single intervention. On the issue of arms exports, it is a matter of record and the records were rightly published transparently by the previous Government. I have also made it clear that if changes need to be made in relation to the consolidated agreement between the European Union and ourselves on arms sales, I will support the efforts of the Governments in that endeavour.

On the second issue, may I make a general point and then a specific one? The general point is that in trying to understand the stimulus to the changes that we are seeing across north Africa and the middle east, it is indisputable that engagement with the outside world has contributed, in part, to the extraordinary courage, passion and bravery that we saw from demonstrators in, for example, Tunisia and Egypt. In that sense, it is important that the default setting of the international community should be engagement with countries, even where there are profound and long-standing disagreements.

On the specific issue as to whether it was appropriate in the early years after 2001 to engage directly with Gaddafi, I find myself in agreement not with the hon. Gentleman, who is a Back Bencher, but with his Front-Bench team, who generously but wisely have recognised that foreign affairs at times involves dealing with those with whom one has profound disagreement in the service of a greater good, which in this case is the security of the United Kingdom and the broader international community. We were trying to address a situation in which Gaddafi had, by any reckoning, armed the IRA—he was responsible for the largest arms shipment to the IRA—and so had actively sponsored terrorism against United Kingdom citizens. He was also in the course of developing a capability for ballistic missiles, for nuclear missiles and for other weaponry. There is and will be the opportunity to look more broadly at what other lessons can be drawn from our engagement with Libya, but I do not resile from the difficult judgment that was exercised at the time to engage with Gaddafi, notwithstanding his record, in the service of what I think was the right judgment to make British citizens more secure.

Sir Menzies Campbell: May I take the shadow Foreign Secretary back to his expression of disappointment at the tentative nature of the international community's

[Sir Menzies Campbell]

response? Does he understand that those of us who were in the House during the Bosnian crisis feel some familiar echoes from that period, when the response of the international community was equally uncertain? Should we not have learned lessons from that unhappy period?

Mr Alexander: As so often, not only in recent days, but over many years in this House, the right hon. and learned Gentleman speaks with great authority and wisdom. I was coming on to a passage in my speech where I was keen to suggest to the House that it is illuminating at times to take, momentarily, that longer view and to appreciate the full extent of the failure that we have seen over recent weeks.

In different times and, admittedly, in different circumstances, Lord Robertson of Port Ellen said of the Kosovo conflict:

"We ran a military campaign and in parallel we ran an information campaign. Both were professional and focused but it was, to my mind, the information campaign which won it."

He went on to say:

"Publics across the world got the message that we meant business and that we were absolutely committed to achieving our objectives summed up succinctly as 'NATO in, Serbs out, refugees home'. The Kosovars watched and were reassured by our resolution and in Belgrade the generals and the Serbs generally began to understand that once NATO had taken on a mission, it was simply not going to fail. And as they got that message their resolution crumbled and even though their immediate military advantage remained, they gave up."

Sadly, the clarity, coherence and effectiveness of that communication have not been matched in recent weeks by the international messaging to the Gaddafi regime.

Mr Matthew Offord (Hendon) (Con): Will the right hon. Gentleman give way?

Mr Alexander: I am keen to make just a little progress.

The Foreign Secretary said on 27 February that

"it is time for Colonel Gaddafi to go, that is the best hope for Libya."

A few days later, on 3 March, President Obama stated that "he must leave". But since those categorical statements the urgency of the diplomatic efforts have, alas, not matched the urgency of the situation.

The Foreign Secretary has already told the House that the Prime Minister and the US President speak "extremely regularly", so may I ask the Foreign Secretary to take this opportunity genuinely to confirm to the House what is more than of passing interest: whether or not the Prime Minister has spoken to President Obama regularly in the wake of this crisis, over the past seven days? I ask that question because Downing street briefings suggest that there has been only one telephone call, and I would be happy to afford the Foreign Secretary the opportunity to intervene on me today to clarify the facts. Calling for action is not the same as acting to ensure that the action takes place. Public statements at a time of crisis need to be matched by the important work of private diplomacy. I suggest that if ever there was a time when such dialogue, leader to leader, was needed, it is a time like now. Indeed, not only has uncertainty about the international community's position delayed action, but it will have been closely observed in Libya itself.

As United States Senator John Kerry commented yesterday, the time lost by the international community has

"compacted the choices, diminished the options. And it's changed the state of play somewhat.

The calculation that many people in Libya might have made a week ... 10 days ago, if we'd started to announce and move certain things, might have been considerably different than the calculation that they might make today. And those calculations are critical in these kinds of events."

Senator Kerry's analysis is as accurate as it is devastating, for as we debate today the opportunity for meaningful action is simply slipping away.

Mr Offord: The right hon. Gentleman talks about a lack of action, but it is the Prime Minister who has provided that action, calling for a no-fly zone. When the right hon. Gentleman talks about the lack of a voice across the international community, I believe that he is referring to the Obama Administration. When the call of "Democracy!" was shouted, where was the leader of the free world?

Mr Alexander: My point is that public declarations of support for a policy need to be matched by private diplomacy. It appears that there is a fashion in the Government to take a different view and a different approach from the previous Government on many aspects of policy. There might be a view in the present Government that the action the previous Prime Minister took ahead of the G20 meeting—getting on a plane, travelling to Brazil and travelling around the world making the case for concerted international action in circumstances of economic crisis—was somewhat overplayed. I personally think that there is a genuine need for action to be taken at this stage but that public words need to be matched by private conduct. In that sense, there must be concerted efforts to try to bring the international community together. That challenge is not unique to the United Kingdom—it is a responsibility that falls on all those in positions of leadership—and I would be the first to concede that this is a challenging and difficult set of circumstances in which, to date, the international community has not been united. That is why, however, I think it demands effort, skill, application and judgment to ensure that we do what we can to cohere the international community rather than further to divide it at a point at which judgments are being made not only in Tripoli but in Benghazi about the commitment of the international community to supporting these changes.

Martin Horwood *rose—*

Mr Jenkin *rose—*

Mr Alexander: I am happy to give way to the hon. Member for Cheltenham (Martin Horwood).

Martin Horwood: I agree with the right hon. Gentleman that there is a danger of Governments giving mixed messages. In that vein, will he accept that his Government did that too? Does he now regret granting arms licences and promoting arms sales—including of ammunition, crowd-control equipment and tear gas—to the Gaddafi regime in the closing years of the Labour Government? That does not sound like the sort of positive engagement that he seemed to be talking about earlier.

Mr Alexander: Let me repeat my point: if there is evidence that British exports have been used in the appalling repression that we are witnessing, that should be cause for change. I stand ready to work with the Government effectively and in a constructive manner to try to secure the tightening of the arms regime if that proves necessary. On the substantive question of whether it was correct for the UK Government, many years ago, to engage directly with the Gaddafi regime, I think that there might be an honourable disagreement between the pair of us. I have made it clear that—

Martin Horwood: Will the right hon. Gentleman give way?

Mr Alexander: If the hon. Gentleman will forgive me, I will finish the point and then I will be happy to take a further intervention—perhaps from somebody who has not yet had the opportunity to intervene. I think that there can be an honest disagreement between us about whether it was right for the UK Government to engage with Gaddafi at the time. There has been much criticism of former Prime Minister Tony Blair for shaking hands with Colonel Gaddafi. I would simply point out that President Obama and Nelson Mandela have both shaken hands with Colonel Gaddafi. Any serious consideration of the issues recognises that it is important for there to be engagement with regimes in order to try to secure change.

Mr MacShane: I am afraid that my right hon. Friend is right. The former Foreign Secretary, the right hon. and learned Member for Kensington (Sir Malcolm Rifkind), who has just left the Chamber, was eloquent on this subject on the "Today" programme and in this House: the diplomatic gain of weaning Gaddafi off WMDs and terrorism was worth the connection. The previous Conservative Administration gave a knighthood to Robert Mugabe as Sir John Major tried to make friends with him and, up until 19 February of this year, those on the Government Front Bench were selling arms to Bahrain. I am not criticising them for that—I am sorry, but we are an arms-manufacturing and exporting nation. This is really the most piffling and irrelevant hypocrisy. The Foreign Secretary and the shadow Foreign Secretary are concentrating on important issues and the way we should go forward. Having this sort of row about who shook hands with who and which guns were sold—

Martin Horwood: And tear gas.

Mr MacShane: And tear gas. The hon. Member for Cheltenham (Martin Horwood) is part of the coalition Government who were selling tear gas and small arms weapons to Bahrain. He has no right to get pompous about what was happening before May 2010.

Mr Alexander: Let me try to turn to the events that are under way at the moment. I am also conscious that I have not given way to the hon. Member for Harwich and North Essex (Mr Jenkin), so let me do so now.

Mr Jenkin: Is not the most important issue in this debate the fact that events in Libya appear to be at a turning point? I am sure that the Government are grateful for the support that Her Majesty's Opposition have given to my right hon. Friend the Prime Minister and my right hon. Friend the Foreign Secretary on the no-fly zone initiative and the toppling of Gaddafi. Is this not, if it fails, a crucial test of the credibility of British foreign policy, which has perhaps not adapted to the shortage of defence capability we now suffer as a result of the strategic defence and security review or to the fact that we have a completely different kind of United States, which is prepared to be passive in an international crisis?

Mr Alexander: The hon. Gentleman is continuing the newly established tradition of making a number of points. Let me try to address them. On the substantive point of whether the hugely significant events we are witnessing in north Africa make the case for reopening the strategic defence review, I find myself in sympathy with him. Serious questions are prompted by the fact that we have aircraft carriers without planes, given the context of the discussions we are now having in this House.

The hon. Gentleman's second point is important and I shall reflect on it in my remaining remarks. This is an issue not simply for the people of Libya or for the west, but for the broader interests of the international community. It appears from what we have heard that the decision was taken by the Saudi Arabian Government and the Gulf Co-operation Council to provide troops and tanks to the people of Bahrain without consultation with the United States. To me, that would have been inconceivable only a few weeks ago. It is one of the further assumptions that have been directly challenged by the huge events that we are witnessing across the region. I think, therefore, as I sought to reflect at the beginning of my speech, that this is a time of great possibility and also of great peril. If, however inadvertently, the message is heard by dictators and despots not just in the region but in the wider world that the words spoken by prominent international leaders are not matched by actions, that will be a worrying development with consequences far beyond the borders of Libya.

Tony Baldry (Banbury) (Con): Is it not important that one message that is heard by dictators is that once they are indicted by the International Criminal Court, they will remain indicted and there will be a determination sooner or later to bring them to justice? There is no statute of limitation for war crimes or crimes against humanity, as Charles Taylor well knows as he stands trial in The Hague.

Mr Alexander: That is an important point. Of course, we have seen the trial of Charles Taylor but we have also seen the example of Milosevic, who died while on trial at The Hague. That is an issue on which we stand together, both in our advocacy at an early stage of the International Criminal Court and as regards its applicability in the face of the terrible scenes we are witnessing.

I am conscious that a number of Members are keen to speak, so I want to make progress. The Security Council meets as reports say Libyan rebels have deployed tanks, artillery and a helicopter to try to repel an attack by pro-Gaddafi forces on the key town of Ajdabiya. It is said by those on the ground to be the first time defecting army units have faced Government forces. If that town falls to Gaddafi, the next step will be Benghazi and the 1 million people who live there. It is often forgotten in the coverage that Benghazi is comfortably the second largest city in Libya.

[Mr Douglas Alexander]

As I have argued over recent weeks, there are concrete steps that the international community can and should be considering to support the Libyan people who stand between invasion and acquiescence. A no-fly zone would be a strong step forward but it would not be a panacea. The importance of a no-fly zone, however, should not blind us to other measures that can be taken.

The Government should be considering a range of contingencies, such as taking measures to disrupt Gaddafi's military communication and IT infrastructure and using British naval assets in concert with other nations to deliver further humanitarian support to areas such as Benghazi, so that Gaddafi cannot literally starve people into submission. Other possible actions include further efforts to set up an escrow account, as has been suggested by a Government Member, to hold revenues in trust for the benefit of the Libyan people rather than allowing those resources to be used for hiring foreign mercenaries, and, of course, taking immediate and strong diplomatic action against those countries whose nationals are fighting as mercenaries for Gaddafi in Libya.

I have been arguing for weeks now that the Arab League, which has been shown in recent weeks to be taking a leadership role in this crisis, should come together as a matter of urgency with the European Union in an emergency summit to communicate the breadth of international revulsion at the regime's actions and the breadth of support for the Libyan people. I have also been arguing for the establishment of a friends of Libya group, bringing together the Arab League, the European Union and the United States to overcome the very institutional inertia that has so blighted the international response to date and to allow for rapid decision making in the face of rapidly changing events.

The Libyan people could be facing defeat in a matter of days. Time is not our friend. We should be under no illusion that if Gaddafi were to triumph, this would not only represent a defeat for the Libyan people, for whom the Arab spring would be replaced by a brutal and bleak winter, but would have long-term and damaging consequences for the United Kingdom, the European Union and the broader interests of reform and stability in the region. Now, at this late hour, debate must give way to decision and argument must give way to action. The international community's response in the coming hours and days will not only impact upon events in Libya but will echo through history and will affect our strategic position and the future of democratic, social and economic reform across the broader region for years to come.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. This is a well-subscribed debate. There is a 10-minute limit on speeches with the usual injury time for two interventions.

1.42 pm

Nicholas Soames (Mid Sussex) (Con): I do not propose to follow the formidable speech of my right hon. Friend the Foreign Secretary, who dealt very easily with the situation in many of the countries that we are discussing, nor the Opposition's preoccupation with the telephone habits of President Obama, but rather to concentrate on what has animated the extraordinary events that we have seen across the middle east in the past few weeks.

In north Africa and the wider middle east, we are now at the centre of the most momentous events. History is sweeping through the region. The events that we are debating today were inevitable but largely—indeed, almost wholly—unforeseen. A Tunisian man who set himself on fire because no official of a deeply corrupt state would listen to him after months of his asking has caused the lid to be blown off an entire region with frail institutions, scant civil society and virtually no democratic traditions or culture of innovation. We are, as my right hon. Friend the Foreign Secretary said, witnessing something akin to the importance of the fall of the Berlin wall, and we will need to be clear in the days ahead about what these developments mean and how Britain and the west in general should respond to them.

The democratic transition will be a very hard road to follow, for the truth is that the much-vaunted stability that we all went along with for generations was a stability frozen in time and that the hopes and aspirations now stirring in many parts of the Arab world have been smothered for generations. People are now seeking their rights, sometimes at great personal danger to themselves. Nothing will ever be the same again, and a complete policy rethink will be demanded and required in the days ahead as we all struggle to keep up with unfolding events. I urge the House not to underestimate the profound sense of change sweeping across the whole middle east that the Arab humiliation is now over and that there is a long overdue dawn of pride and dignity and a great expectation that freedom and opportunity have arrived—a tide that is unstoppable and that brings with it great uncertainty and very great difficulties.

Contrary to much received opinion and caricature, quite apart from its vast, unmatched contribution to civilisation in the past, the Arab world is proving that it rejects injustice, that it wants freedom and that it is willing to die for democracy. There is thus no overstating the importance of the fact that this Arab revolution is the work of the Arabs themselves. The answer is broadly that reform, and not repression, is the way to lasting stability, and Arab Governments need to understand very quickly that denying people their basic rights does nothing to preserve even a veneer of stability. As W. B. Yeats said after the difficulties in Dublin:

"A terrible beauty is born."

I fear that the wealthy western nations have regarded with complacency for far too long the hopeless stagnation of many Arab countries. Protesters in Egypt, Libya, Yemen, Jordan, Syria, Iran, Bahrain, Gaza, Algeria and Tunisia are denouncing the malignancy of joblessness, the lack of opportunity and the dreadful corruptness of oppressive rule. It is thus far bad news, in my judgment, that no single leader in the Arab world has yet put forward a creative political strategy to address this discontent, opting instead for half-measures designed principally to safeguard the very systems that public opinion is rejecting. We do not know where this will end, but Britain must play a big role and I am confident that she will do so, particularly through the judicious use of our soft power with all that that involves.

Further, as the Prime Minister has said, now is not the time to park the middle east peace process. I pay great tribute to the energetic work of the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), in the middle east and I commend the

excellent way in which he goes about his very difficult job. I hope that he will consider whether it would be right to resurrect the Arab peace initiative of 2002—the Saudi peace initiative—which still lies on the table and is the only remaining architecture extant for the continuation of the peace talks. My hon. Friend the Member for Harlow (Robert Halfon) and I take a slightly different view on these matters but we both want to see peace in the middle east. He is a doughty champion of these causes and he knows that peace cannot come about unless the Arabs and the Palestinians are made to go back to the table and proceed. There is no better time than now; an Arab peace initiative at this time would give the Arabs face and confidence, and the Israelis should seize this moment. They should see that a tide and spirit of change is sweeping though the middle east and should catch this great surf of history.

Contrary to what my hon. Friend the Member for Stone (Mr Cash) might think, the European Union can give substantial practical help to the consolidation of democracy and the rule of law within the Arab League countries, particularly via the Barcelona process and through many other means. We should, of course, provide every assistance that we can to those countries that clearly intend to do the right thing. Britain should press in the Council of Ministers and the Foreign Affairs Council for properly supervised arrangements to support the training of police and civil servants and the setting up of electoral commissions and independent legal and prosecution services. We should also seek to assist in the building of political and other institutions—a piece of work that has been most admirably done by the Westminster Foundation for Democracy, to which an hon. Member has already paid tribute. We should, at all costs, provide large-scale assistance for those countries that are truly prepared to change.

The peoples of the middle east now demand a better life. After years of betrayal, bad government and oppression, they deserve the opportunity to enjoy the rights and freedoms that we take for granted. I am confident that the British Government, with our American allies and European partners, will play a bold and energetic role in securing that endeavour.

1.50 pm

Mike Gapes (Ilford South) (Lab/Co-op): As we look at these events around the world, we must reflect on whether there are historical parallels and past occasions when similar things have happened. At the moment, everyone is talking about the events in central and eastern Europe, and the Soviet Union, in the late 1980s, but there are other parallels, such as what happened in the revolutions of 1848. We could also draw parallels with the student protests of 1968.

The important thing about this revolutionary process is that it has been widely broadcast through new technologies that did not exist in those eras. As a result, as we have clearly seen, the regimes have tried to stop such technology, close down the internet and prevent people inside and outside from accessing messages on Facebook, on Twitter and online. That is another argument for retaining BBC World Service shortwave radio broadcasts at key times, and the Foreign Affairs Committee is engaged in that debate with Ministers.

The other difference from 1989 is that while these events are happening in a multitude of Arab Muslim countries, there is no Gorbachev figure. There is no restraining hand on Erich Honecker. There is no one to persuade and to deal with the situation faced by Jaruzelski in Poland. Of course, we had Ceausescu in 1989, and perhaps the closest parallel with Saif Gaddafi is Nicu Ceausescu. I do not know whether the Ceausescu family's fate will befall the Gaddafi family, but there is nevertheless a clear parallel: a family regime that uses the state as its own private bank. Unfortunately, the Libyan regime is not the only one for which that is the case. We have heard reports from Tunisia, and there have been accusations about the Mubarak family in Egypt. I read on the web just a few hours ago that there is a "kleptocracy" in Bahrain.

The public can now access information in ways that they could not in the past. The United Nations Arab human development report that was published about a decade ago highlighted the lack of publications and limited number of books per head of population in the Arab world compared with other parts of the world. However, such availability is not as necessary when a generation of young people can access new technologies. There has therefore been an acceleration of change, especially among the young populations of north Africa and Arabia who, in huge numbers, are unemployed. This social and global phenomenon will continue for decades.

The hon. Member for Mid Sussex (Nicholas Soames) said that not everything that happens in such revolutionary situations is pleasant. Some very unpleasant things came out from underneath the stones in 1989 and 1990: growing anti-Semitism, racism and nationalism. We may well find that one of the consequences of the removal of military authoritarian regimes will be that people lose not only their fear, but their inhibition about saying things that are difficult and unpleasant.

We have already heard comments about what the Iranian Government might be up to. I worry that those people who want to gain political power by attacking other minorities will do so in ways that lead to tensions and conflicts between Sunni and Shi'a. We have seen the terrible carnage caused by that conflict in Iraq. We were right—I stand by my opinion—about the removal of the Saddam regime, but none of us estimated quite what terrible crimes would be carried out as a consequence of lifting that repression. That problem is still not resolved in Iraq.

Egypt is at the beginning of the process, so what will happen there? There will be a presidential election and a new constitution, and then, as in central and eastern Europe, we will probably see a multitude of small political parties—or individuals and groups calling themselves political parties.

Some 22 years ago, I was working in the Labour party's international department. My job was to go to central and eastern Europe, where I met people who said, "We are the true new social democratic party." I met groups in Estonia, Latvia, Lithuania, Czechoslovakia as was, Russia and elsewhere who all said that they were the true inheritors of the social democratic tradition. People from the Conservative party were also involved in a similar way, because the hon. Member for New Forest East (Dr Lewis) was in Prague just a few weeks after me in late 1989. We all discovered that most of the people who claimed to represent the new political forces did not do so at all.

[Mike Gapes]

The process will take time, and we will need dedicated and well-funded democracy-building exercises throughout the Arab world. The Westminster Foundation for Democracy has been mentioned. I chaired its board until 2005. At that time, its total budget from the Foreign and Commonwealth Office was £4.1 million, which was peanuts, but since then it has been cut. I understand that it will receive an additional £500,000, which is welcome, but that will still leave its budget below what it was a few years ago.

International democracy foundations need to work together. Our Government, our European partners, the National Democratic Institute in the US, and the Friedrich Naumann Foundation and Konrad-Adenauer-Stiftung in Germany, for example, need to work in a co-ordinated way because governance, democracy and institution building will take time. It would be useful if people from central and eastern Europe could make a contribution because many of them went through such a process 10, 15 or 20 years ago.

Finally, if, potentially, Gaddafi regains control of Libya, we will face the most immediate, appalling crisis. It will be perceived as a major setback. It will send a clear signal, which may already have been picked up in Bahrain, that regimes can keep power if they are repressive and brutal because the international community will either make grandiose statements, as many Europeans have done—I am not critical of our Government on these matters, as we are doing the right thing and are on the right side—or prevaricate, as unfortunately the Americans have done. Let us hope that the Security Council adopts a robust resolution today and then does the right thing.

2 pm

Richard Ottaway (Croydon South) (Con): It is a pleasure to follow my predecessor as Chairman of the Foreign Affairs Committee. Leaving aside his international adventures on behalf of the Labour party, I agree with everything that he said. I also pay tribute to the excellent speech made by my hon. Friend the Member for Mid Sussex (Nicholas Soames). No one has a better knowledge of the Arab world than he has. There was much power in what he said. I particularly agree with the important point that the EU has a role to play in this.

It was Comrade Lenin who said that revolution is unpredictable but when it comes it comes very quickly. I think that the speed with which everything has happened has caught us all very much on the wrong foot. With hindsight, we should have seen it coming after last year's food riots in Egypt, brought about by unsustainable levels of population growth and the fact that 50% of its population is under 25. The other factor that combined with others to form the prefect storm is the role of the internet as the method of communication of those young people, which the hon. Member for Ilford South (Mike Gapes) referred to. The situation is fast-moving but has a long way to go. I watch with concern how things are developing in Bahrain and possibly in Saudi Arabia. I believe that things will get worse before they get better.

I support what the Prime Minister said in his statement on Monday: that we must encourage freedom, democracy and an open society in the Arab world. He said that against the background of the EU resolution calling for broader market access and political co-operation. These are desperately important factors, but there is a whiff of inconsistency here. We have lived with this situation since the second world war, and the reason we have turned a blind eye to much of this is that we want the energy resources of the region. I think that we should give those countries time to make the transition. In Britain, 300 years passed between the civil war and women getting the vote, so we should not be driven by the drumbeat of the 24/7 media. We should give those countries time to develop their reforms as they come naturally.

The major issue of the day, and the one I have been most concerned about for some weeks, is the no-fly zone. The Prime Minister set out three conditions that would have to be met before he would support a no-fly zone: regional support, a demonstrable need and a clear legal basis. With the resolution of the Arab League, there is clearly regional support. Demonstrable need is subjective. We have moved on from the slaughter of innocent women and children and now have a civil war in Libya. In truth, we will be taking sides, and the rebels are armed. I think that we have to look at the clear legal basis very carefully indeed, because we can see the mess that we got into in Iraq because of the uncertainty over whether there was a clear legal basis. What we need is clarification.

The need for a UN chapter VII resolution is crystal clear, but I would be surprised, and relieved, if we got it. Whether or not Russia or China will veto it remains to be seen. If we do get it, we can all row in behind the Government because we will have a clear legal basis. I wish them well in their efforts in the coming hours to achieve that.

Mr Ellwood: I am listening carefully to my hon. Friend's very powerful speech. He mentioned the Prime Minister's three conditions. I humbly urge caution, in the words used by the Arab League. It is an important symbolic gesture, bringing together a collective voice, but it has no power. The organisation is made up of Foreign Ministers who have no organisational power over many of the dictators to whom they report back. In making a statement and linking it to their respective Governments, they have as much power as the Foreign Affairs Committee has when it produces a report.

Richard Ottaway: In that case it has great force. Joking aside, my hon. Friend makes an important point, but we cannot ignore a resolution of the Arab League. It is indicative of the way things are shifting.

My concern is that we might get a legal basis that is not clear. If we do not get a chapter VII resolution, the fallback situation would be what is known in the UN as a responsibility to protect. It is not clear whether that is a part of international law. It suggests

"collective action, in a timely and decisive manner, through the Security Council, in accordance with the Charter, including Chapter VII".

It sets as high a hurdle as a chapter VII resolution. We are yet to see how things will develop, but I would be rather surprised if we were to get that through. We would then be left with a legal basis that was not clear. If there is another doctrine, I would very much like to hear it.

Yesterday, the Government added a fourth condition: the national interest. In the Foreign Affairs Committee yesterday I asked the Foreign Secretary how he would reply to a request from a country such as Ivory Coast, where genocide was going on, or Burma or Somalia—there are plenty of places with internal conflict. He replied that that has to be judged on a case-by-case basis, and that is under the national interest. If we intervene in Libya, will that set a precedent that will be relied on by those countries?

That means, in effect, that we are picking our countries. Let us be clear exactly what that means. It is a reincarnation of the Chicago doctrine introduced by Tony Blair 12 years ago. It is worth reading the speech that he made in April 2009 in Chicago, 10 years after his original speech in Chicago. He said that it

"argued strongly for an active and engaged foreign policy, not a reactive or isolationist one: better to intervene than to leave well alone. Be bold, adventurous even in what we can achieve."

That is a pretty gung-ho approach. I am not saying that the current Government are being gung-ho, but it is a warning about how we could get carried away unless we sit back, are rational and address the need for a clear legal basis.

We then have the problem of what will happen if another Arab state behaves in the same way as Libya does. We have seen what is going on in Bahrain, with the state of emergency. We all heard reports on the radio this morning of protesters being killed. We cannot intervene in every case. We could end up with a very awkward situation where one Arab country provides aircraft to help police the no-fly zone and then ends up attacking its own people. Then what is our national interest?

I would add a fifth condition. If this does not succeed, we must have a strategy. There has to be a plan B. Where exactly is this leading? My hon. Friend the Member for Beckenham (Bob Stewart) has great experience of the no-fly zone in Bosnia, and there was a no-fly zone in Iraq. In both cases, we had to put in ground troops to seal the deal and finish the job. A no-fly zone in Libya is most likely to end up with a stalemate in which the rebels cannot lose and Gaddafi cannot win.

Mike Gapes: Does the hon. Gentleman accept, however, that the ground troops did not go into Iraq in 1991 and 1992 and that for 11 or 12 years the no-fly zones, which protected the Shi'a marsh Arabs in the south and the Kurds in the north, were very effective in stopping Saddam using his air force to bomb them?

Richard Ottaway: I have heard the hon. Gentleman make that point before, and the answer to it is that Saddam Hussein remained in Baghdad. My point is that the policy under discussion would end in stalemate, too, with Colonel Gaddafi still in Tripoli, the rebels in Benghazi, a no-fly zone and a completely static situation.

If we want to get rid of Colonel Gaddafi, we will have to use ground troops, so I would like the Minister to answer the question, what is our commitment on ground troops? Would we be prepared to use them to finish the job? What is the Government's attitude to the use of warships? The war is being conducted along a coastal strip. At the end of the day, if we commit to a no-fly zone, we have to be prepared to finish the job and to put troops in on the ground, otherwise we should not start. That is why I am concerned about where this is all leading. I do not think that we have the troops to put in on the ground, and that is why I come to the difficult conclusion that, without a UN resolution, we should not consider a no-fly zone.

The Prime Minister posed a question to people such as myself, who have their reservations about a no-fly zone, when he said on Monday:

"'Do we want a situation where a failed pariah state festers on Europe's southern border, potentially threatening our security, pushing people across the Mediterranean and creating a more dangerous and uncertain world for Britain and for all our allies as well as for the people of Libya?'"—[*Official Report*, 14 March 2011; Vol. 525, c. 27.]

That is a very good question, and it deserves an answer. My answer is, we have had this pariah state for 42 years, and we have lived with it: we have put up with it; we had to bomb it once; we had Lockerbie; and we are still here and it is still there.

I do not want to see us get sucked into a war—a dispute—in the middle east. We need to tighten the noose as hard as we can, with the toughest sanctions possible, and if necessary we need to give all support, short of intervention, to the rebels. But we should not go down the road of arguing, campaigning or pushing for a no-fly zone without a UN resolution on either chapter VII or the responsibility to protect. There are huge risks politically and militarily without one, and I urge the Government to proceed with caution.

2.12 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): The hon. Member for Croydon South (Richard Ottaway), with my hon. Friend the Member for Ilford South (Mike Gapes), adverted to what took place with regard to the liberation of Kuwait. Kuwait was liberated because Margaret Thatcher, together with the President of the United States, decided that the situation could not be allowed to continue.

Mike Gapes: John Major.

Sir Gerald Kaufman: John Major, but Margaret Thatcher was also involved.

In the same way, action not words dealt with the situation in the former Yugoslavia. My hon. Friend is right in his conclusion that, if the situation in north Africa is to be solved in any way acceptably, it will be by action, not by continued talk. The world community should hang its head in shame at the prolonged delay to take practical action on behalf of the people of Libya.

Time is very short, indeed, before it becomes too late, but complacent indifference has long dominated the west's approach towards Gaddafi's brutality. Even in recent months, the Home Office has insisted deplorably on sending a Libyan asylum seeker back into Gaddafi's clutches, just as it insists on sending asylum seekers back to Iran. As usual, the United States, under its present Administration, has been vocal about Libya, but words are easy; action is what counts.

In the case of Israel's transgressions and brutalities, the Americans have been even more shameful. As is his wont, Obama has been long on self-indulgent, vacuous rhetoric, but absent when it comes to meaningful action. Let us witness the illegal Guantanamo Bay torture

[Sir Gerald Kaufman]

camp, remaining open two years after he promised that it would close. "Absent", though, understates Obama's pernicious policies. When he sought to wheedle the Israelis into a moratorium on settlement building, he promised that if they paused such building he would veto any Security Council resolutions regarded as critical of Israel. The Israelis ignored him, and still he vetoed the recent, otherwise unanimous, Security Council resolution on settlements.

Yet that United States Administration, if they wished, could bring the Israelis to heel, simply by cutting off the supply of arms and economic aid to that rogue country. Economic sanctions on Israel work, as was demonstrated when President Bush senior forced Yitzhak Shamir to talks in Madrid by suspending loan guarantees.

Certainly, when it comes to rogue regimes, the world is long on denunciations but short on action, and it is important to place on the record those transgressions against international law by a country that has one of the most aggressively right-wing regimes in the world. The Israelis have built an illegal wall through occupied Palestinian territory, in many, many cases cutting Palestinians off from their livelihoods, as I have seen for myself recently. The Israelis' settlements are, again, a violation of international law, yet they expand them. Again, I recently saw for myself how, in Jerusalem and elsewhere, settlers, with the connivance of the Israeli police, throw Palestinians out of their homes and force them to live in tents. Israel's hundreds of checkpoints on the west bank make it difficult, and sometimes impossible, for Palestinians to get to workplaces, schools, universities and hospitals. The Jordanian Foreign Minister told me recently how, when he was travelling with the Palestinian President on the west bank in separate cars, he felt obliged to invite the President to travel in his car, because the President's own car was continually being stopped at checkpoints.

Mrs Ellman: Will my right hon. Friend give way?

Sir Gerald Kaufman: I will proceed for a moment. I think I can anticipate the kind of thing my hon. Friend would say if I were to give way to her. The Israelis kill Palestinians whenever they feel inclined. They have killed two this very week, and the blockade of Gaza—of 1.5 million people—is totally illegal. Rebuilding after the havoc caused by the Israeli invasion has been minimal because of the Israeli embargo on the entrance of many supplies. The United Nations Relief and Works Agency reported to me on the appalling effect on nutrition of the Israeli blockade. Hundreds of thousands of Palestinian children are growing up malnourished, and that affects both their physical and mental growth. The estimable head of UNRWA, whom I have met several times, says that the alleged easing of the blockade, following the Israeli attack on the flotilla on 31 May, has made the situation worse. He himself has given up and is taking on another assignment outside Palestine. Of course, the Israeli navy does not hesitate to commit piracy in international waters, either.

The Israelis have the most extremist Government in their history, with a Foreign Minister who is actively racist and overtly advocates ethnic cleansing. The Israeli Parliament, elected by proportional representation, which should be a warning to us all about changing electoral systems, now persecutes non-governmental organisations that work for progress and racial harmony.

The Israelis do not believe in a two-state solution and are completely uninterested in any kind of genuine peace process, yet what is being done to curb this regime? Nothing. Nada. Zilch. They get away with it by exploiting guilt over the holocaust. They get away with it by whimpering about their need for security, when they have the strongest armed forces in the region, nuclear weapons and the fourth-strongest armed forces in the world. They get away with it, because Obama, apprehensive about the United States presidential election next year, is scared of Jewish pressure groups in the United States.

The world's tolerance of the Israeli persecution of 5 million Palestinians is a blot on whatever international morality exists. When Palestinians commit atrocities, as with the murderous attack on the Fogel family of settlers last weekend, there is justifiable anger. Israeli soldiers shot two Palestinian parents dead in front of their children in Gaza, as those children told me: the girl stood there, an Israeli soldier shot her father in the head, and then shot her mother in the head. When things like that happen, nobody bats an eyelid.

We are right to be profoundly concerned about Libya and about the lethal tension in certain Gulf states. My hon. Friend the Member for Ilford South is absolutely right when he says that if the people of Libya go under, other countries will take that as a lesson that suppressing their populations by force works. This is a very big test for the entire world community. We are right to be vigilant about Tunisia, and right to keep an anxious eye on Egypt to ensure that the revolution there is not baulked or frustrated. But until the world takes action to force Israel to deal justly with the Palestinians, the middle east will remain a turbulent and dangerous region and a blot on all our consciences.

2.20 pm

Mr Roger Gale (North Thanet) (Con): I should like to touch briefly on matters relating to Libya, and then, as chairman of the all-party group on Tunisia, to refer to that country.

I wish to revert to the comments that I made to the Prime Minister following his statement to this House on Monday. In 1956, the Hungarians were led to believe by the United States that were there to be a revolution, the Americans would give them support. There was a revolution. I remember sitting in our kitchen as a 13-year-old, listening to a crackling valve radio, with a voice from Budapest screaming at us, "Help me, help me!" No help came. The US cavalry did not arrive, the Russian tanks rolled into Budapest, and the revolution was crushed. A decade later, almost the same thing happened in Czechoslovakia. Alexander Dubcek was removed, the west did not help, the Russian tanks moved in, and the revolution was crushed. I believe that unless the free world stops talking and starts acting within the next 48 hours, then as far as Libya is concerned, the Arab spring will be over, and that revolution, too, will be crushed.

My right hon. Friend the Prime Minister took a brave lead in calling for a no-fly zone, and he was derided by the British media for sabre-rattling. That, of

course, is precisely the same courageous British media who are now complaining that the Americans are not backing a no-fly zone forcefully enough.

Richard Ottaway: Quite right.

Mr Gale: My hon. Friend, the Chairman of the Foreign Affairs Committee, says "Quite right", but his view is that we should not act because we should not walk to the drumbeat of the 24/7 media. I fear that we shall shortly be walking to the drumbeat of death if no action is taken.

The supply lines from Tripoli to Benghazi are long. It is a moot point as to whether Colonel Gaddafi's regime can service troops entering Benghazi, so the logical progression is that he will use his war planes. I do not believe that Colonel Gaddafi will be remotely concerned about bombing and rocketing the women and children of Libya. Unless the free world moves to take out the planes on the runways, innocent women and children will die, and the revolution will end. This morning, I received a telephone call from rebels currently in London. They told me that they have three aircraft that they have used so far—sparingly, because they do not have the resources to back them up.

My right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) has referred to the lunacy of UN Security Council resolution 1970, which imposes an arms embargo on an already very uneven playing field. Gaddafi's regime has the weapons, the resources and the back-up; the rebels do not. At the very least, therefore, the free world has to allow the rebels the opportunity to obtain the equipment that they need to defend themselves. I do not believe that anybody can be held to account for allowing people to fight for what they believe to be right in their way and to defend their women and children. I can only repeat: failure to act will lead, within a very short time, to the end. What has been described as the defining moment will be a defining moment in the failure of democracy, and those who have failed to act will have the blood of the innocent on their hands. It may yet prove to be the defining moment of Mr Obama's legacy.

Turning to Tunisia, the entire process began as a result not particularly of oppression, although of course that was a very relevant factor, but of unemployment. Very many bright, well-educated and well-qualified people in Tunisia found themselves unable to earn a living. We need to look carefully at what is happening in Tunisia and what will happen unless we give the Tunisians wholehearted support. There were some 400,000 jobs related to tourism in Tunisia prior to the revolution. That translates into a dependency on tourism of some 2 million people—two in 10 of the population. Hatem Atallah, the Tunisian ambassador, came to the House of Commons yesterday and told us that in the first three months of this year Tunisia's tourism has effectively been halved. Of the 7 million visitors a year, 3 million came from Libya and related states, leaving 4 million from France, Germany and the United Kingdom. They need us to give them the support that will enable their businesses and commerce to survive. Without that, that revolution could also fail. The message is very clear: it is a 3,000-year-old civilisation, and it is open for business. We must have faith in that.

On 25 July, the elections will be held. As my right hon. Friend the Foreign Secretary said, the campaign papers that trigger the entire process will be deposited at the end of this month or very early in April. That will lead to the opportunity for the creation of the election commission, the rules of the election, the electoral process, the electoral register, and the approval of that register. Tunisia has already extended an invitation to international election observers from the European Union to go to see fair play. I hope and believe that this country will particularly wish to send observers and to give the Tunisian interim Government every possible help to ensure that the election is successful.

I repeat: in Tunisia, democracy is absolutely dependent on economic success. Economic failure was the reason for the revolution, and it could cause the country to fail again. I urge the Minister in responding to the debate to state clearly that we are four-square behind that regime and what it is trying to achieve, and that it has our good will.

To conclude, the Tunisian Foreign Minister yesterday passed Members a letter in which he said:

> "I strongly believe that our two countries have the opportunity to further strengthen their friendship and partnership, on the basis of common interests and common values."

If the Arab spring is to survive and if those words are to mean anything, Tunisia deserves and must have our support.

2.29 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): In 1993, the current President of Israel, Shimon Peres, wrote a visionary book called "The New Middle East", in which, elated after the signing of the Oslo accords, he wrote about his concept of a community of nations across the middle east. He said that four conditions were required before that could become a reality: political stability, higher living standards, national security and democratisation. I hope that in recent weeks we have seen the beginning of that democratisation spreading across the middle east.

At this stage, none of us can be certain whether that will be successful. However, even now we can see that what has happened over recent weeks and what has come from the hearts of the people of the middle east have given the lie to the commonly accepted view that the only major conflict in the middle east is the Israeli-Palestinian conflict and that Israel is responsible for all the problems of the middle east. That has never been true and now it evidently is not true.

What is needed to solve the tragic conflict of the clash of nationalisms between the Jewish people in the state of Israel and the Palestinians, two peoples who deserve national determination in a land of their own? First, it is essential that there is a resumption of negotiations between Israelis and Palestinians to create two states. Much has been said about the impact of the WikiLeaks revelations. Those revelations showed how close Palestinians and Israelis came to achieving a durable peace at the Annapolis conference in 2007. It is sad that when those leaks emerged, the Palestinian people realised that they simply did not know what their negotiators were doing. The Israelis were very well aware of what the Israeli negotiators were doing. What happened during the discussions at that conference shows that both sides were, and I hope are, willing to make the compromises necessary for a durable peace.

[Mrs Louise Ellman]

It is important that it is recognised that Israel has genuine security issues. Two checkpoints were removed last month near Nablus. It is right that checkpoints are removed to support the development of the Palestinian economy, but it also has to be recognised that in the month following the removal of the those checkpoints, there have been two major incidents in or near Nablus. Only last week, the Fogel family were murdered, among them three children. Their throats, including that of a three-month old baby, were slit in cold blood in their home. That was a harsh price to pay. Such atrocities must be recognised, and it must be realised that Israel has genuine security issues. Much has been said of Israel's action in Gaza in relation to its security. Just in the last few days, the Israeli navy seized a boat that had 50 tonnes of weapons hidden in bags of Syrian lentils. The boat was bound for Gaza and is thought to have come from Iran. That was a genuine security issue.

It is vital that proper recognition is given to the nature of Hamas, which is running Gaza. Hamas's charter shows clearly what it is about. Its religious convictions mean that it cannot accept the concept of a Jewish state. It displays blatant anti-Semitism, such as in article 22 of its charter, which states that Jews

"amass great and substantive material wealth... With their money, they took control of the world media, news agencies, the press, publishing houses, broadcasting stations, and others. With their money they stirred revolutions in various parts of the world with the purpose of achieving their interests and reaping the fruit therein. They were behind the French Revolution, the Communist revolution and most of the revolutions we...hear about."

That is just one example of the blatant anti-Semitism of Hamas. That should be recognised by those who talk loosely about "Jewish influence" impeding a solution of the Palestinian-Israeli issue.

Hamas recently attacked a United Nations Relief and Works Agency school because it did not like girls and boys being educated together. It has also said that it will prevent the teaching of the holocaust in Gaza, because it believes that doing so would poison the minds of Palestinians. In recent days the Foreign Press Association has bemoaned the clampdown on the press in Gaza, while Hamas continues to attack those who do not belong to or support its organisation.

In seeking a durable peace, it is also important that we recognise the malevolent influence of Iran in both Lebanon and Gaza. In just the past week the Iranian supreme leader, Ayatollah Ali Khamenei, has stated again that Israel is a "cancerous tumour". The problem is not just about words, because by arming and training Hamas and Hezbollah, Iran is actively involved in preventing a negotiated peace between Palestinians and Israelis. The involvement of Iran adds to the complexity of the situation and must be recognised when people rush all too quickly, and without much thought, to condemn Israel as the reason why peace has not been reached. That is not the case.

Finally, it is vital that more is done on the domestic scene, and that there is a proper challenge to the hate talk against Jews and Israelis in this country and to the vicious boycott campaigns that are gathering force. The problem shows itself in many ways. It is leading to the attempt to create an atmosphere of intimidation on student campuses, where Jewish students feel increasingly uneasy, and disquiet is being caused among Jewish communities in this country. It is leading to anti-Semitic discourse, as shown so graphically by the invaluable work of the Community Security Trust.

I shall give just one recent example of what has happened. On 2 February, on the campus of Edinburgh university, a meeting was held at which Israeli diplomat Ishmael Khaldi, a Muslim Bedouin, attempted to hold a discussion. There was organised opposition to that meeting, and the microphone was snatched from him. He was forced to abandon the meeting, against cries of "Nazi". That is both absurd and deplorable. That demonstration, like many others, was organised by the Palestine Solidarity Campaign, an organisation that does not wish to see peace but wishes to sow the seeds of dissension. One of the consequences is that we are being taken further and further away from peace, and the seeds of anti-Semitism are being sown.

It is vital that efforts are maintained to find a solution to this complex problem. The two peoples have a right to a homeland, and the Jews in Israel and the Palestinians have a right to their land. All efforts must be made to bring both sides back to the negotiating table on the basis of creating two states. All the key issues—borders, refugees and the need to share Jerusalem—must be resolved around the negotiating table. I applaud all efforts that bring that situation about.

2.38 pm

Martin Horwood (Cheltenham) (LD): Many of us are inspired by what we have been seeing in the middle east and north Africa in recent weeks and by the courage and heroism of the protesters, particularly the young people who have lived their entire lives under repression. Equally, many of us feel sick at the prospect of repression triumphing in many parts of the region.

In that vein, I welcome many of the things that the Foreign Secretary announced today. The new Arab partnership and the promise of practical support for what we hope are the emerging democracies of Egypt and Tunisia are excellent. I think he said that there would even be promotion of think-tanks. I am not entirely sure whether that is a good thing, but they are certainly better than the other kind of tank.

The Foreign Secretary also reported positive developments in both countries, including the abolition of their secret police organisations. That is welcome, but there are also worrying reports, including the recent one in Egypt about the forcible clearance of Tahrir square. The experience of Europe, Latin America and the new African democracies is that old habits sometimes die hard among security forces. Perhaps we should take up that theme with the Egyptian Government in particular and with all the emerging democratic movements.

It is also welcome that the Foreign Secretary described a bold and ambitious vision at the European level. A positive vision of transforming the European neighbourhood and actively promoting freedom, democracy, the rule of law and human rights is very good indeed, as is the role of the European Bank for Reconstruction and Development in that. I hope that the Department for International Development will also play an active role in considering how that programme should be carried out. It is very important that the people of the middle east and north Africa see a democratic dividend from their transition to democracy, and DFID can play an important role in that.

Sadly, however, freedom, democracy, the rule of law and human rights are not all that British Governments have promoted in the region. In 2009, EU arms exports to Algeria, Egypt, Morocco and Tunisia, none of which enjoyed good human rights records at the time, totalled €2.3 billion. Export licences granted by the previous Government—the most recent details I have are from 2009—make disturbing reading. We sold tear gas to Bahrain, imaging cameras to Iran, bombs and missiles to Egypt, anti-riot shields to Kuwait, crowd control equipment and tear gas to Libya, crowd control ammunition to Qatar, small arms ammunition to Syria, armoured personnel carriers to Saudi Arabia and so on. For that reason, I welcome the Minister's announcement on 17 February that we were revoking many licences to export to Bahrain, and his unambiguous statement on that day:

"We will not authorise any exports...we assess...might be used to facilitate internal repression."

That is an incredibly important announcement.

Jeremy Corbyn: I agree with the burden of what the hon. Gentleman says about arms sales and I welcome the suspension of arms sales to Bahrain, but we still pursue massive arms sales to Saudi Arabia, and the people dying on the streets of Bahrain are being killed with equipment that has been sent there from this country. Does the hon. Gentleman agree that it is time to stop the whole arms sales policy to that region?

Martin Horwood: Bluntly, yes—the use of Saudi arms and armour in Bahrain, particularly in the context of today's disturbing pictures of unarmed protesters being shot in the streets by security forces, means that we must question any continuing arms sales to countries that have records of repression.

I regret that in the midst of the democratic revolutions, the Prime Minister, on his tour of the middle east, which had many positive aspects, was nevertheless accompanied by representatives of BAE Systems, QinetiQ, the Cobham group, Thales UK, Babcock International and Atkins.

In the spirit of coalition, I remind Ministers of the Liberal Democrats' pre-election criticism of arms sales to the region, and specifically to Libya, and of our support for an international arms trade treaty and the prevention of arms sales to any regime that could use them for internal repression. That last objective has now been strongly expressed by the Minister, but I hope he confirms today that the sale of tear gas and crowd control ammunition to anyone is completely incompatible with those objectives.

There is a clear danger that Libya will not be seen in future in the same light as Egypt and Tunisia; sadly, we might see it alongside Czechoslovakia, Rwanda, Bosnia and Hungary as one of the great failures of the international community to intervene on behalf of the people. I do not envy the Foreign Secretary the decisions he must make, but I can assure him of Liberal Democrat support for any belated action by the international community, although he was right to be wary of any intervention that could be described as "western". That would be a dangerous path to go down, and any intervention must be undertaken with wide international support.

I support the remarks made by the right hon. Member for Paisley and Renfrewshire South (Mr Alexander), the shadow Foreign Secretary, who said that we should look at other imaginative ways of intervening, particularly in respect of IT infrastructure, to make life impossible for the Libyan regime.

The hon. Member for Mid Sussex (Nicholas Soames) made an eloquent speech in which he called for a complete policy rethink. There is a lot of truth in that. At UK, European and international level, we need to review how we can rapidly respond to situations such as the one in Libya. We need to do that quickly, because similar situations could soon emerge elsewhere.

Mr MacShane: Is the hon. Gentleman aware that on 17 February I called on the Foreign Secretary to

"agree to a wide review of UK foreign policy in the region before it is too late"?—[*Official Report*, 17 February 2011; Vol. 523, c. 1136.]

I made that call, and I am glad that one month later more Government Members are supporting it.

Martin Horwood: I am not sure what I am supposed to say to that, except that I have already said that I support a review of international policy. That has to happen quickly. We also need to review—unfortunately—how we treat brutal dictators who survive using violence and repression. That needs to be addressed urgently. At an international level, we need a strategy for persuading Russia and China in particular—both quick enough to intervene in their neighbourhoods—that the international community's responsibility to protect needs to become a practical reality. Perhaps we also need some fresh faces in the international community's peace efforts, not least in the context of the middle east, and Israel and Palestine. In that vein, will Ministers tell us exactly what contribution and progress the former Prime Minister Tony Blair is making in his role as the Quartet's special envoy? He was always a rather bizarre choice as a middle east peace envoy, and I would like to know whether Ministers think the time has come for him to go and to make way for fresh faces and those slightly more actively engaged in the massive changes taking place in the region.

The clear policy of Arab partnership also needs to extend to states and people currently overlooked. I will end with one example that I hope Ministers will take up: the case of Dr Kamal al-Labwani. He is a Syrian doctor, writer and artist who took part in the brief but unsuccessful Damascus spring in 2001 and the founder of the excellently named Liberal Democratic Union. In 2005, he was charged with weakening national morale and imprisoned. He was behaving only as a free citizen in a free country would have done—an extraordinarily courageous approach once described in Europe by Vaclav Havel as living in truth—but it resulted in his imprisonment. The charge was changed to scheming with a foreign country with the aim of causing it to attack Syria, and he was sentenced to 12 years' imprisonment. He is now on hunger strike, along with other prisoners in the Adra prison. His detention has been condemned by a UN working group on arbitrary detention as arbitrary and contrary to the UN declaration of human rights, and there is now disturbing news of fresh detentions and disappearances, including of members of Dr al-Labwani's family, who bear no responsibility for any of his political actions. If we are to have a real Arab partnership for peace, democracy and reform in the region, it must

[Martin Horwood]

reach out to people such as Dr al-Labwani and other courageous members of democratic movements who might not be in government, and not just to the emerging democratic Governments.

2.48 pm

Mr David Winnick (Walsall North) (Lab): I want to comment on the Israeli-Palestinian dispute, but first on north Africa I want to say that I, like everyone who has spoken, welcome the popular uprisings that started in Tunisia. The hon. Member for Mid Sussex (Nicholas Soames) gave us the background to it: the suicide of the person involved and what followed in Tunisia, Egypt, Libya and now Bahrain. However, I disagreed with him when he gave the impression that all along Britain has been on the side of those in Arab countries seeking freedom, dignity and respect. That has not been the position—I only wish it had been.

One of the few advantages of age is that one can remember what has happened in the past in one's own lifetime. Sixty years ago, there was a reforming Iranian Government with Mossadegh as Prime Minister. In no way was he ever accused—it would have been farcical had he been—of being an Islamist or connected with terrorism. The truth was far from it. However, that reforming Government was overthrown by Britain and the United States, and of course a few years later came the sad and tragic Suez episode. We do not have an honourable record, and I only wish that we did.

It came as no surprise to anyone—certainly not to me—that Gaddafi's murderous regime refused to give way, as happened in Egypt and Tunisia. Gaddafi was determined to stay on with his cronies. What is happening in Libya now is deplorable to say the least, and the International Criminal Court should certainly keep a careful record and prepare the necessary indictment of Gaddafi and those responsible. However, as I have argued in the past fortnight, I am not persuaded that western military intervention in that country would be the right course to pursue, let alone any unilateral action by Britain. It would be interpreted in most parts of the Arab world—if not by the Governments, then by the population—as an attempt once again to control a country because of its oil resources, and would be looked on as a colonial or imperialist intervention. As I said in an intervention on the Foreign Secretary, if we were to intervene in Libya, why not in Bahrain? What would be the argument for intervening militarily in one country, but refusing to do so in Bahrain? There would be absolutely no logic to it.

Rory Stewart (Penrith and The Border) (Con): May I politely suggest to the hon. Gentleman that the answer depends on the difference between Bahrain and Libya? We cannot adopt a world view that assumes that all those countries are the same; it is the specificities of those countries that are relevant.

Mr Winnick: Yes, of course there are differences, and no matter how non-democratic Bahrain is, I am not suggesting that it is on the same level as Gaddafi's regime, but there has already been a foreign intervention in Bahrain. What I am saying—and I do not see how it could be contradicted—is that if we were to intervene in Libya, there would be no less of an argument for doing so in the case of Bahrain. However, if the United Nations Security Council agreed to a no-fly zone, it should be supported by the international community at large. That would give legitimacy if any intervention was to take place, but without such a resolution, there would be no legitimacy whatever.

One or two hon. Members who have spoken—including the hon. Member for Cheltenham (Martin Horwood), who spoke a few moments ago—have rightly deplored arms sales to Libya, but there was an arms fair in Libya last November. I am not making a party point now—if my side had been in government, that arms fair would obviously have taken place and we would have participated as a country—but is it not deplorable? We read of France and other countries deploring what is happening, but information published by the Library shows that

"Bombs, torpedoes, rockets, missiles...other explosives"

were all sold to Libya by France and Germany, including some no doubt sold by us. They are being used now against the Libyan people, so I ask the question: when we sold that ammunition, who did we believe it was going to be used against? I think the answer is pretty obvious.

Let me say a few words in the time I have left about the Israel-Palestine dispute. My remarks will be somewhat different in tone from those of my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) and my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman). It goes without saying that I deplore the murder of the Fogel family which occurred last week. There could be absolutely no justification, no matter what policies Israel had pursued, for that murder, which was absolutely deplorable. I totally agree with every single word that my hon. Friend the Member for Liverpool, Riverside said about anti-Semitism, whether from Hamas or sources in this country. I recently had a letter in a newspaper where I again made it clear that there should be total condemnation of every aspect of anti-Semitism, and I doubt whether anyone here would disagree.

Similarly, what I am about to say should in no way be interpreted as any kind of justification for the murders, but some 1,355 Palestinian children have been killed as a result of Israeli military action in the occupied territories since 2000. There is obviously a difference. However much we deplore the military action, there is a difference between what I have just described and the deliberate murders that took place last weekend, but can anyone imagine what the parents of those Palestinian children must have gone through as they watched their children being killed? A book has been published recently about a Palestinian surgeon whose three daughters were killed. He has no desire for revenge; he wants reconciliation and a settlement. This is all part of the ongoing tragedy of a dispute that continues year after year. At the end of October last year, 256 Palestinian children were in Israeli detention, including 34 between the ages of 12 and 15.

I respect my hon. Friend the Member for Liverpool, Riverside, and I respect the way in which she defends Israel at every opportunity, but I did not hear one single word of criticism of Israel in her speech. I have already said that I endorse her condemnation of anti-Semitism. As far as the occupied territories are concerned, however, there seems to be no recognition by Israel that the settlements are completely illegal under international law. Such settlements now occupy 42% of the land area

of the west bank. Indeed, that was the figure last June; a large amount of construction has taken place since then. What justification exists for that? It is being done in defiance of international law.

I am very pleased indeed that the British Government supported the resolution deploring such settlements, although the resolution was unfortunately vetoed by the United States. I am not in the habit of congratulating this Government, but I am also very pleased that the Palestinian delegation here has now been upgraded to a mission. That is the right course of action, and I am sure that it is fully supported by those on my Front Bench.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op) *indicated assent.*

Mr Winnick: Israel, and those who support it, often refer to their wish for two states, but I do not see how that can be taken to be genuine if, at the same time, they use every opportunity to build further settlements in such a way that makes it almost impossible for a viable Palestinian state to come into existence.

If, as we all now recognise, there is a wish in the Arab world for a new life, for dignity, for the rule of law and for being able to work and to hold a similar position to those in the western world, why cannot the Palestinians have those things too? Do they deserve any less? How long must they remain under almost military colonial occupation? The Palestinian people have a right to a land and a state of their own, and I only hope that that will come about in my lifetime.

2.58 pm

Mr Matthew Offord (Hendon) (Con): We have certainly heard some interesting contributions in the debate today. Unfortunately, the previous speaker was not one of them.

Following the collapse of the Berlin wall, many political commentators were left considering what the implications would be, beyond that of a reunified Germany. Since then, we have seen changes in immigration across Europe, as well as different forms of terrorism being promoted and the economic markets being subjected to different problems from those that they had experienced before the fall of the wall.

I urge Members to consider what the implications of the recent unrest and demonstrations in the middle east will be. The collapse of authoritarian regimes in Tunisia and Egypt as a result of the region-wide uprising provides a unique opportunity for the development of genuine democracy in the middle east. The Government must not, however, make the same mistake as occurred in Iraq, by introducing a political vacuum that extremism will fill.

In Egypt, the cultural and political heart of the Arab world and a strategic pillar of EU policy in the region, the stakes are immense. The emergence of a democratic Egypt could serve as a moderating element throughout the region and promote a more stable, peaceful and progressive middle east.

Democracy is, however, more than mere elections. To avoid having a repressive Government freely elected, it is first necessary to introduce and firmly establish institutions of democracy such as a free press, free speech, a constitution, freedom for religion and freedom from religion, equal justice under the law, laws based on individual rights and women's rights and an independent judiciary. The UK should not press for immediate free elections without the fundamental pillars of democracy being in place. If democracy is not nurtured and built steadily, radicals will emerge. This will not only drive a wedge between Israel and the Arab world, but deepen the divide between the west and the Islamic world.

Recent history has shown that having free elections in a country, without the entrenched safeguards of a genuine democracy, can result in the election of oppressive and undemocratic organisations. These dangers were witnessed in 2006, following the election of the Palestinian terrorist group Hamas, which subsequently launched a violent civil war to oust the moderate opposition group, Fatah. We also saw it in1979 in Iran after the Shah was toppled. Within nine months, radical Islamists cemented their control of the country with the election of the ayatollahs.

It will take time for legitimate political movements to establish themselves in Egypt, after several decades in which the extreme Islamist organisation, the Muslim Brotherhood, stood as the only alternative, albeit outlawed, to President Hosni Mubarak's monolithic national democratic party. The Muslim Brotherhood, as the only large organised opposition group, could use elections to get into power before completely abandoning democratic structures. It is one of the world's most influential Islamist movements, guided by an expansionist and anti-Israel agenda, and its goal is to implement strict sharia law, which is the antithesis of democracy. The Muslim Brotherhood leader, Kamal al-Halbawi, issued a series of provocative statements on a trip to Iran in this month, and expressed his hope that Egypt would become a "true Islamic state".

The political future of Egypt has implications that go far beyond that country's borders. The UK Government must provide support for Egypt during this important transition period while making it clear to the current military leadership that it must continue to meet its regional responsibilities. Egypt has a critical role to play in promoting Israel-Arab dialogue: indeed, its peace treaty with Israel remains the cornerstone of wider peace and stability throughout the region. It is in the interest of the international community, Egypt and the wider middle east that this agreement remains firmly in place. The UK Government should also strongly urge Egypt's military authorities to continue to confront radicalism, particularly by taking an active role in preventing the flow of weapons to Hamas in Gaza. Last week's terror attack in Itamar, which claimed the lives of five Israeli civilians, along with the recent seizure of Iranian-supplied weapons designated for terrorists is a reminder that extremist elements pose an ever-present danger to regional peace efforts.

A truly democratic Egypt that promotes regional peace is of paramount interest for the UK. The UK Government can contribute to this by helping to foster the traditions and institutions of a democratic society and by actively encouraging the country to continue to play a positive and stabilising role in the region.

In mentioning the middle east, commentators often focus on Israel itself. Her detractors, as we have already heard this afternoon, claim human rights abuses, while her supporters speak of a beacon of democracy. I

[Mr Matthew Offord]

believe now is the moment when we can all unite to seek a better middle east. Now that the opportunity has arisen, the Government must ensure that the Quartet, with Tony Blair as its representative, takes a leading role in making it happen. For too long, there has been a political myopia as to what is happening in the middle east beyond the borders of Israel. Our debate today provides an opportunity to address that and reveal to the world the truth about what we can achieve in the middle east.

3.4 pm

Jeremy Corbyn (Islington North) (Lab): This is a very important and valuable debate, in which a wide range of opinions have been expressed. I was disappointed that the hon. Member for Hendon (Mr Offord) should make such an unpleasant remark about my hon. Friend the Member for Walsall North (Mr Winnick), who had expressed a perfectly legitimate and well thought-out point of view. Remarks of that kind do no credit to the debate.

Mr Winnick: I am most grateful to my hon. Friend—what he has said is very kind—but in view of what the hon. Member for Hendon (Mr Offord) said, I must say that any insult from him is a compliment indeed.

Mr Offord: Likewise.

Jeremy Corbyn: I am glad that I have helped to perpetuate the sense of equality that we are observing this afternoon.

Obviously, this is a vital debate. My hon. Friend the Member for Walsall North rightly drew attention to its historical connotations, and to Britain's historical involvement in the region. We tend to delude ourselves in the House that Britain is seen as a benign liberal democracy that never operates out of self-interest but is concerned only with the greater good of mankind as a whole, and that we seek to promote the rule of law, democracy and independence throughout the world. Sadly, the history of Britain's involvement in north Africa and the middle east hardly adds up to that. We have seen, for instance, the 1952 coup in Iran and all its subsequent ramifications, the Suez operation in 1956, the United States bombing of Libya in 1986 when the planes took off from this country, the obsessive dealing in arms in exchange for oil, and the turning of a blind eye to volumes and volumes of human rights abuses in countries that we claim are close friends of ours.

Last week I tabled what I thought was a perfectly innocuous and reasonable question to the Secretary of State, asking him to tell me on which occasions since June last year

> "human rights issues have been raised with... (a) Morocco, (b) Tunisia, (c) Algeria, (d) Libya, (e) Egypt, (f) Yemen, (g) Saudi Arabia and (h) Bahrain".

I was very disappointed to be told that the Minister would answer "shortly". I hope that he will answer shortly—

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt) *rose—*

Jeremy Corbyn: I will give way to the Minister immediately so that he can give me the answer to my question.

Alistair Burt: I will not give the answer quite yet, but I signed off the question this morning, and it is therefore in my mind. I will ensure that the text is available to me in time for my winding-up speech so that I can make one or two references to it. The hon. Gentleman can be sure that a very good and complete answer is well on its way to him.

Jeremy Corbyn: I would expect nothing less, but I should have loved to have it before the debate so that I could have referred to it. That is why I tabled the question. However, I thank the Backbench Business Committee for securing the debate in the first place.

We need to embark on a complete reappraisal of our policy on the whole region. We cannot go on supporting potentates and dictators, absolute monarchs and abuses of human rights. We cannot continue to sell arms, tear gas, riot shields and all kinds of weapons of destruction, and then not be surprised when they are used. As my hon. Friend the Member for Walsall North said in relation to the sale of arms to Libya, who on earth was supposed to be attacking Libya? Why should it require such a vast array of armoury, along with Saudi Arabia among other countries? We need to think carefully about that.

According to an article in the online edition of *The Guardian*,

> "NMS took up to 50 British companies to arms fairs in Libya in 2008 and last November. The last exhibition reportedly showcased military wares such as artillery systems, anti-tank weapons, and infantry weapons."

All those are being used as we speak. As for the question of arms sales, the Campaign Against Arms Trade refers to

> "UK weapons used against pro-democracy protesters in the Middle East",

and goes on to report:

> "The UK sold tear gas, crowd control armament and sniper rifles to Libya and Bahrain in 2010."

As we speak, they are being used against protesters there. The Prime Minister, rather bizarrely, took a number of arms salespersons with him on his recent trip. Only a year before that, we were selling equipment to Saudi Arabia that is currently being used in Bahrain. And so the list goes on and on.

We cannot continue to assume that none of that has anything to do with us. It is time that we changed our policy on arms sales completely, and ceased to have an economy that is apparently so dependent on the sale of arms to so many people around the world. You cannot sell arms and then complain about human rights abuses when those arms are used against people who suffer as a result.

Mr MacShane: On 17 February, the Foreign Secretary said that the UK

> "would strongly oppose any interference in the affairs of Bahrain by other nations".—[*Official Report*, 17 February 2011; Vol. 523, c. 1135.]

Is my hon. Friend aware of any statement from the Foreign Office calling on the Saudis immediately to withdraw their invasion force?

Jeremy Corbyn: I am not aware of any such statement, and I wish there was such a statement, because the Gulf

Co-operation Council sending forces into Bahrain is an invasion and an occupation, and is resulting in a great deal of oppression of people in Bahrain at present.

I want to mention three further specific matters. Palestine has been raised on a number of occasions, and there are a lot of issues to do with Palestine; indeed, last weekend I was at a conference dealing with Palestinian prisoner issues. I shall refer to just one astonishing fact, however: since 1967, Israeli occupation forces have arrested more than 800,000 Palestinians, and at present there are thought to be 6,600 Palestinians in Israeli prisons, including children, elected members of the Palestinian Authority, a number of prisoners who are in isolation and at least 1,000 who are deprived of any kind of family visit. Those are abuses of the human rights of those individuals. Add that to the construction of the wall, add that to the settlement policy, add that to the checkpoints, add that to the imprisonment of the people of Gaza, add that to the huge levels of unemployment resulting in Gaza, add that to the ethnic cleansing of the Palestinians living in the Negev desert, add that to the removal of Israeli-Palestinian homes in Haifa and Jaffa—add all that up and what we clearly get is a constant harassment of all the Palestinian people.

I hope that we are serious about human rights, but Israel has been building the wall and continuing the settlements in defiance of all international law and all pressures to the contrary. Where are the condemnations and the sanctions? Where is the public discussion in the west of Israel's behaviour and policy? I do not want any bombing or assassinations—I do not want any murders or killings—but we see a whole process of hate developing because there is no condemnation of what is being done, which is so damaging to the Palestinian people.

One issue that has not so far been raised is the situation in Morocco, and the Moroccan occupation of the Western Sahara and the several hundred thousand Sahrawi people who have been in refugee camps in Algeria since 1975. I hope that one day the UN through MINURSO—the United Nations Mission for the Referendum in Western Sahara—will take on a human rights role, which I think it should have, and that it will succeed in carrying out the decolonisation statutes, which would give the people of the Western Sahara a right of self-determination.

There is now a third generation of residents in those refugee camps in Algeria, hoping one day to be able to go home. Can we imagine what that must be like? If is not good enough for Morocco to say, "Well, there can be a degree of autonomy in the Western Sahara." Under international law, it is absolutely clear that, as a former Spanish colony, Western Sahara should, on removal of the colonial power, have the right of self-determination. That right has been denied to the Sahrawi people. It is a sore that runs through their feelings and that runs through the whole region. Again, that can be the start of a problem for the future. I am well aware that the Minister has some sympathy with the views that I am expressing. The all-party group on Western Sahara had a useful meeting with him, and I hope he will be able to give us some further news on this issue in his speech.

Three weeks ago I went on a short visit to Tunisia, where I spent a lot of time talking to people of all political persuasions: those of the left, the centre, a number of Islamic groups and others. It was clear that they were delighted with the removal of President Ben Ali, but they were frightened about the possible return of the Ben Ali regime in a different guise through the power of the security services and patronage in the state. They were therefore frightened of what may well happen in the future.

I was talking to some students in the central square who were very effectively kettling a group of army officers and soldiers, as well as their equipment and tanks. It was slightly bizarre to see a lot of students keeping the army in a square, because in most demonstrations I have been on if the army turns up, people generally think it is bad news. These students thought it was good news to keep the army there because, as they explained to me, a vast array of European-supplied anti-riot equipment was around the corner in the hands of the riot police and they thought that keeping the army in the square would keep the police out because they probably would not fire on the army. It was therefore a perfectly logical choice to make.

I discussed with the students what their hopes for the future were, and the answers were diverse; there was no coherent central theme to what they wanted, except freedom to demonstrate, freedom of assembly, freedom of expression and so on. When I asked them whether they wanted western help they said, "No, because when the west comes in it never leaves. We want to do this ourselves and we want to achieve something different ourselves."

Amnesty International has sent out a very interesting briefing, pointing out the abuses of human rights and the shootings of people that have gone on in so many countries: Tunisia, Algeria, Sudan, Egypt, Bahrain, Oman and Saudi Arabia. The list goes on and on, and it includes Yemen, describing what is happening there at the moment. There is a common theme, which relates not only to the thirst for peace and democracy, but to an economic issue. So many of those countries have adopted economic policies that resulted in mass youth unemployment. This is about the anger of young people who see no future and no security for themselves in an oppressive state that has been largely supported by the west.

We need to think very carefully. We need to express a great deal of hope about what is going on throughout the region, but military intervention has brought problems in every place that we have been in in the past. I understand all the arguments for a no-fly zone over Libya, but I do not see how it will do anything other than exacerbate an already tense situation.

3.17 pm

Rory Stewart (Penrith and The Border) (Con): This debate is, of course, an extraordinary phenomenon. We have been stuck in intervention for the past 20 years. We have spent $3 trillion, we have had 100,000 lives lost and we have had more than 1 million soldiers pass through Bosnia, Kosovo, Iraq and Afghanistan, yet we do not seem to have a clear answer on what we do in Libya. The lessons that we are taking from history are very dubious. People are referring to Bosnia, but they are forgetting that Bosnia was a sovereign, independent state when it asked for assistance—the entire debate in the Security Council was completely different. We fail also to understand ourselves. As hon. Members from all

[Rory Stewart]

parts of the House have mentioned, we fail to understand our own tendency to be unable to do something with passionate moderation. We shift quickly from dipping our toe in the water to being submerged up to our neck—we go from a no-fly zone into a troop deployment.

The final thing that we misunderstand—this is the reason why we need to lift our eyes from Libya—is the way in which we are increasingly perceived in the middle east after our interactions with Iraq and Afghanistan. If we were discussing this immediately after the events in Kosovo, the whole debate would be completely different. If those events had just happened, we would be able to stand up and say, "We don't care that the Russians are blocking us in the Security Council. We have done a good job in Kosovo and we are going to do the same thing in Libya." But the intervening 10 years have made that option impossible, which is why the Government's position is the correct one.

If I understand it correctly, the Government's position is to push strongly for a no-fly zone, but a no-fly zone only with strong international backing. Many people on both sides of the House have suggested that that is a paradox and that it is somehow impossible. They say, "Either you push for a no-fly zone or you don't. Your rhetoric has to be matched with your action. If you think you have a humanitarian right and an obligation, you should do it regardless of the international politics." That no longer makes sense. It is perfectly consistent to say that we have a moral right and a moral duty to impose a no-fly zone but will not do so without the support of the United Nations. One of the most important things to remember in that context is not Russia but Brazil, India and South Africa—the emerging powers who are not, at the moment, on our side. If we try to lurch into this thing without bringing with us what will probably be the majority of the countries in the world, it will be extremely unwise and very dangerous. Does that mean that we should do nothing? No. It means that we need to lift our eyes above Libya. We need to see the incredible potential in this region, if we are patient, over the next 20 to 30 years.

We tend, I think, to get caught up in exactly what happens when a helicopter lands near Benghazi, rather than keeping our eyes on Egypt and Tunisia and on what the middle east and north Africa mean to us. They mean so much to us. It is not just that they are on the other side of the Mediterranean. It is not just that they have this incredible young, unemployed population who are both a potential source of prosperity for their own nations and for us and a potential threat to us. We also have much greater leverage on those countries than on the nations that are much further away, such as Afghanistan.

The relationships between France and Morocco and between Italy and Libya—indeed, around the whole Mediterranean littoral—are so close that that region is definitely within Europe's sphere of influence. If we can move from panicking about exactly what is happening in Libya to considering how to invest over the next 10 to 30 years and how to put ourselves in a position where all the talk about what we do to make this our 1989 and to make the middle east and north Africa another example, along with central and eastern Europe, of how we can move countries to a more prosperous, democratic future, it will obviously be good for us and for them.

We need to be cautious. A lot of nonsense is talked about democratisation and it is very easy for us to imagine that we can somehow go into someone else's society and create civil society and good governance and eliminate corruption when those are not things that we have proved very able to do in Kenya, Nepal or Afghanistan. That does not mean, however, that we can do nothing.

The lesson from the experience of central and eastern Europe is that progress is possible, but the kind of progress we should make is exactly the kind of progress that we have been speaking about. I applaud what the Government have said about access—to markets and to people—but the lesson from eastern Europe is that that needs to be adjusted. What was very smart about what we did in eastern Europe was that our policy, for example, towards Slovakia was different from our policy towards the Czech Republic—we were more open towards the Czech Republic, and people in Slovakia saw that and moved. Too often, our policy towards north Africa has been a one-size-fits-all policy. We now need a policy that not only no longer says that Tunisia is simply within France's sphere of influence—that we will not do anything about Tunisia because that is a French affair—but says that Tunisia might deserve different treatment from countries such as Libya, and that Egypt might deserve different treatment from countries such as Morocco.

Mr MacShane: The hon. Gentleman is making a fascinating speech. Frankly, the comparisons with 1989 are wrong, because this is more like the crushing of what happened in Hungary or Prague than a gentle transition to democracy. We should never forget that Mrs Thatcher did not support German unification at that time. In 1980, when Solidarnosc was suppressed, many countries were quite happy to see stability restored and caution was the watchword of the day.

On the hon. Gentleman's narrow point about how we treat Tunisia, when I was Europe Minister I tried to get Tunisia, Morocco and Algeria switched to the European department of the Foreign Office, but the Africanists put their little feet down and said, "No, they belong permanently to Africa." Will he talk to his colleagues at the Foreign Office and get those countries treated as part of the broader south Mediterranean and European hinterland rather than African ex-colonies?

Rory Stewart: I disagree very strongly and I think that in 10 to 20 years' time, the right hon. Gentleman will have been proved wrong. I think the situation is equivalent to 1989 and that is the direction in which those countries are heading. It is patronising and mistaken of him to believe that this is simply a repeat of the 1950s and 1960s.

Let us look at Libya specifically. Gaddafi is going to be a very peculiar, eccentric and isolated figure even within his own country. Everything is shifting against that man. When he came to power, the population was rural and there was an anti-colonial movement. He now faces a situation in which 80% of Libyans live in cities in which he is perceived as a colonial oppressor. He has gone from the bloodless revolution that brought him to power four decades ago to a bloody attack on his own people. What we are hearing in Egypt and Tunisia is not some accidental, sporadic pop-up that will be constrained by inevitable forces of tyranny or Arabic culture. It is

probably something closer to what we have seen in central and eastern Europe and in Latin America in the past 20 to 30 years. Furthermore, it is in our political and moral interests to support it. Even if I am wrong and it is not an inevitability but only a probability that things are going in that direction, it is the direction in which we should be pushing. This is Britain's opportunity and Europe's moment, and that is the direction we need to go in.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I take absolutely no issue with the hon. Gentleman's comment that it is our political and moral duty to do that. However, at the risk of rehearsing European history, the 10 countries that joined the European Union in 2004 were democracies before the iron curtain fell, so we were restoring democracy and we did it within the framework of membership of the European Union. It is different.

Rory Stewart: I thank the hon. Lady for those comments. The last thing that I, or any of us, want is to be starry-eyed about this. The differences that she has raised are incredibly important and have to be considered in relation to how we speak to the middle east. The whole movement in central and eastern Europe and the ability to speak about democracy, liberty and joining NATO and the European Union was driven by the history of the 1930s and by the cold war. The language on the streets in the middle east today is very different. I am afraid that George Bush has done a great disservice to words such as liberty, equality and democracy—words that were on the lips of Vaclav Havel—which do not sit so easily today when we talk to those countries. We need new words and I was pleased to hear my hon. Friend the Member for Mid Sussex (Nicholas Soames) talk instead about dignity and justice. We need a whole new language and it needs to be driven by them, not us. Freedom is not something that is given but something that is taken.

All those words of caution need to be considered, but we can, nevertheless, have a constructive role over the next 20 to 30 years in helping the middle east and north Africa be more stable, more prosperous and more humane than today. That is our mission. That is what we have to put our weight behind and is where we need to invest, which means a number of things for our foreign policy. Rhetorically and financially we have been stuck in Asia. Financially, if we include debts and veterans' costs, we are spending more than £7 billion a year in Afghanistan. Rhetorically, we have been in China and Brazil for good reasons—they are big emerging countries—but this is a wake-up call about what is going on at the other end of the Mediterranean, which, in demographic, energy, religious and security terms will prove to be more important to our institutions and future than we have acknowledged in the past five to 10 years. We therefore need to invest in institutions.

I absolutely celebrate what the Foreign Office is doing in recruiting more Arabists. We need people who can focus on Azeri and people who speak different languages. There are not enough British ambassadors in the middle east who speak fluent Arabic. We need to make sure that Tunisia is no longer seen as some French extension and we also need to take into account the lessons from European enlargement. We need to look at the way in which the Commission approached Bulgaria, Romania, Poland, the Czech Republic and Slovakia and we need to give the prestige and investment to our energies in north Africa and the middle east that was given to those countries.

If we get those things right and we keep to the principles on Libya that the Government have put in play—first, clarity; secondly, a coalition; thirdly, a recognition that we can set strategic direction without having to rush in with our troops; and finally, institutional investment over the next 10 to 20 years in our relationships with these countries—I think we will find that although we can do much less than we pretend, we can do much more than we fear.

3.30 pm

Mr William Bain (Glasgow North East) (Lab): It is a pleasure to speak in the debate and to follow the interesting and thought-provoking speech made by the hon. Member for Penrith and The Border (Rory Stewart).

We are living through extraordinary times when a single incident in Tunisia has sparked a movement against dictatorship and repression, and a movement for democracy, human rights and freedom, throughout the regions of north Africa and the middle east. It is still too early to say whether these times possess the precise significance of the events that led to the fall of the communist regimes in eastern Europe in the late 1980s and early 1990s, but the international community must ensure through its collective action over the coming days and weeks that the Arab spring does not become simply another Prague spring. While democracy should never be imposed by external forces, we should endeavour to assist those who are campaigning for human rights and freedoms in their hour of need.

Let me turn first to the most pressing area of concern: Libya. The unrest there began on 16 February following the arrest of Fathi Terbil, the human rights lawyer, and peaceful demonstrations in the east of the country, which for many years has been left in a state of under-development by the Gaddafi regime. Those protests led to a widespread rebellion against the regime and then the bloody fight back that the regime has launched against its own people. It is clear that the Gaddafi regime has lost its authority to remain in power, and the Libyan people should be supported in their efforts to remove it.

There is a need for immediate action by the international community to prevent further attacks by the Gaddafi regime on the protesters and the interim national council. While we have been engaged in this debate, the BBC and Reuters have said that air strikes have been reported on the outskirts of Benghazi and at Benghazi airport, so the situation is clearly fast-moving. If the regime launches a brutal counter-attack, there is a strong possibility of a severe loss of life in Benghazi, so the international community must be ready to consider measures such as a ceasefire and a no-fly zone over Libya. Latest reports, and indeed the Foreign Secretary's opening speech, indicate that the UN Security Council might consider and vote on the draft resolution on Libya in the next few days.

Views differ about the nature of any no-fly zone. General McPeak, the former US air force chief of staff who helped to oversee no-fly zones in Iraq and the Adriatic, has advocated a no-fly zone over rebel-held areas, which would not require the incapacitation of air defence systems. Other no-fly zones have been extremely

[Mr William Bain]

demanding to police, as they have required AWACS, aircraft refuelling support and round-the-clock monitoring. We should be mindful of what we might ask of the pilots involved in policing a no-fly zone, as well as the risk of incidents of friendly fire. A no-fly zone did not stop the Srebrenica massacre in 1995, but if such a measure proves vital for humanitarian reasons in the coming days and weeks, the Security Council should follow the lead of the Arab League.

Bob Stewart (Beckenham) (Con): A no-fly zone did not stop what happened in Srebrenica—I was there earlier than that—but the no-fly zone over Bosnia was ineffective because it was not properly set up. If we are going to do something, let us do it properly and make sure that it works—otherwise forget it.

Mr Bain: The hon. Gentleman makes an important point, and one I will refer to later in my remarks.

We ought to follow the lead of the opposition national council and the EU and take the steps required to protect against future and further atrocities by the regime. There are important contrasts with the more complex no-fly zone that operated in Iraq between 1991 and 2003, which required on average 34,000 sorties a year, at an annual cost of nearly $1.5 billion. Shashank Joshi said recently:

> "In Libya, by contrast, NATO might only need to cover Tripoli, its transport corridors, and... urban areas threatened by Qadhafi loyalists."

As he also pointed out this week, arming the opposition would cause a serious risk. Portable anti-aircraft missiles could slip out of responsible hands and be used against western targets, and small arms proliferation is already a blight in that part of the world.

Mr Cash: Does the hon. Gentleman realise what he has just said? I think that he said that we should not arm the resistance movement. Does he realise that Richard Dannatt and many others who have great experience are calling for these people to be properly armed? Otherwise, there will be a massacre. Does he really appreciate what he is saying?

Mr Bain: There is a range of views on this, and we should proceed very carefully and in full recognisance of all the arguments before taking steps over the next few days, particularly on arms.

It is clear that any no-fly zone would require a sound legal mandate invoking chapter VII of the UN charter where possible. There are also practical difficulties in enforcing a no-fly zone against helicopters, as a breach of it might require attacks against ground targets.

The humanitarian situation in Libya and its neighbouring states has worsened over the past few weeks, with the UN High Commissioner for Refugees reporting that more than 280,000 people have fled Libya and crossed the borders into Tunisia and Egypt. This week, the UNHCR reported that people seeking to flee combat areas in search of refuge are unable to do so or are being prevented from doing so, with a particularly critical situation affecting trapped refugees and asylum seekers who have been detained. We should support UNICEF in its efforts to make an immediate response to alleviate the humanitarian crisis as soon as it can safely enter the country.

The key point is that the international community cannot abandon the Libyan people in this time of need. This must not be another situation like 1992 where, having supported the Shi'a community in Iraq, we then abandoned them when Saddam began to attack them and gave little other than moral support thereafter.

In the few moments remaining I will turn to some of the other states in the neighbouring areas. In Bahrain, movement towards a genuine constitutional monarchy seems to me to be the most likely step to bring about reconciliation and progress. Other middle east Governments must respond to the movements for political and economic reform, such as those in Saudi Arabia and Yemen. As many Members have said, we need to revive the Israeli-Palestinian peace process and secure a viable Palestinian state, cohabiting alongside an Israeli state, in order to begin the process of providing a better future for people in the region.

I saw some very interesting data from the Pew global attitudes project last year, which found a decline in support in the Muslim world for radicalism and terrorist attacks. I think that that shows the genuine beliefs of the people in the middle east. They want peace and security and, above all, economic development and reform. As Secretary of State Clinton set out in her speech in Doha on 13 January, there are many signs of the potential for a new and innovative middle east, but there are also huge problems, such as mass youth unemployment, which is approaching 20%, a stagnant political order and depleted resources. We in the west can play our part by securing a completion of the WTO Doha round to liberalise trade and to encourage growth in poorer states, and by building links between the EU and the middle east and north Africa.

Developing civil society, helping to reform the economy and helping the peoples of the middle east and north Africa to increase their human rights and freedoms will be vital to their future and to the security of the region, and in an interconnected world it will be increasingly important for our security here at home in Britain, too.

3.40 pm

Laura Sandys (South Thanet) (Con): My mind has been expanded by many people's contributions today. We have looked at the situation in the middle east from many different perspectives, and I was interested to hear the hon. Member for Glasgow North East (Mr Bain) talk about trade issues. I will begin by looking at what has been going in the middle east and its wider diplomatic impact on us, and then I will come back to the pressing issue of what we must do for the 1 million people in Benghazi.

The world has changed fundamentally. It has changed financially in the past four years, and now our diplomatic policy, which has held for decades in the middle east, has been shaken. Stability, over legitimacy, has been the watchword, but now we have reversed that and need to ensure that not only we as a country but Europe and the west are at the forefront of this new, emerging and neighbouring area in the middle east.

We face a new world order, with not only instability in the middle east, but changing priorities for some of our closest allies, and that requires a revised response

from this country—a reshaping of our approach to diplomacy. Dealing with volatility diplomatically is always difficult, and certainty is most certainly elusive in the middle east and north Africa, but the desire for certainty must not tempt us to back winners throughout the region.

Many, including myself, think that it might be more than 10 years before we can see an exact pattern—an exact level of stability—in countries that are going through such fundamental change, but it would be extremely dangerous if we at this stage chose who we believed were going to be the Governments or the winners in those countries, so we need to be cautious of supporting one iteration of these dynamic events over another.

We need to be seen to be the supporters of the citizens of those countries, rather than of their Governments. If their future Governments reflect the wishes of those citizens, our stated support for their aspiration will coincide with support for their Government. If those Governments are not in step with their people, they will not represent stability, so we need to be more subtle, nuanced and sensitive to the citizens, not just to their Governments. Volatility in diplomacy is going to be the new certainty.

Fundamental changes in power structures are also taking place. Regional power is playing a stronger role, over the global structures that we have had in the past, and it is really positive to see the Arab League making some decisions. For too long it has been merely a talking shop, but Europe needs to be more united, too, and to have a stronger voice throughout north Africa and the middle east.

These developments, particularly in the middle east, have revealed a changing world and, explicitly, changing expressions of interest. Direct national interest appears to be determining countries' appetite for engagement, and the US has shown quite a reluctance to commit one way or another, but ironically that has offered greater space for, and demanded increased responsibility from, regional actors, such as the Arab League, Europe and the African Union.

Our Government and European countries are taking the lead in the UN. I know that there are some questions about certain members of the European Union, but it is a European initiative that is coming forward. We now need to allow for regional solutions to come forward too, with people neither expecting nor depending on intervention by global powers. However, although regional responses may be positive in sharing responsibility and expanding the horizons of different parts of the European and African space, they might create increasing instability and less international control over conflicts and crises.

I should like to return to the point that my hon. Friend the Member for Stone (Mr Cash) has ensured we have not forgotten. One million people are trapped in a town that has been surrounded and is being bombed at this moment. We are facing a very horrid dilemma. Do we enter Libya? Do we arm the rebels in Benghazi? Are we to ensure that we deliver a no-fly zone? Should we be looking at the supply lines as being the crucial bloodstream that is allowing Gaddafi to intervene?

These are some of the approaches that we have used in the past. I believe that we now need to look carefully at a new international peacekeeping and humanitarian toolkit. Are we being creative enough? Will our UN resolution allow for arms to enter Benghazi as part of the UN right to protect? Are we able to adopt new mechanisms that reflect our support for people over their Governments? I ask one question of the Government: are they offering support for the Libyan rebels in support of their desire and need to establish a small enclave very quickly? I am looking to see whether it would be possible to establish a humanitarian state over a short period and create a humanitarian protectorate immediately. We need game-changers, because the game has changed. I hope that the new, more creative and immediate responses that we need will be put in place quickly enough to save the 1 million people in Benghazi.

3.47 pm

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): It is a pleasure to follow the hon. Member for South Thanet (Laura Sandys), who put her finger on the main issue that I want to address—no-fly zones. There has been a confusion between military and humanitarian aims and outcomes, and if we are not clear when we are taking military action and do it under the guise of humanitarian action, we might end up doing neither properly.

The hon. Lady also mentioned the move towards a duty to protect—a concept that the United Nations has started to develop. The question of the stage at which the United Kingdom feels that it should step into the breach in a duty to protect is a very live one. The Foreign Secretary said in his evidence to the Foreign Affairs Committee that it depended on circumstances. Of course, that is right, but this place, at some stage—probably not now—needs to think through what the duty to protect would mean in practice. If there was one mistake that the Blair Administration made in the run-up to the Iraq invasion it was that the debate should have been about "Why now?" rather than weapons of mass destruction. That should have been the logic of his Chicago speech and the subsequent actions.

However, today's debate is about north Africa and the middle east. I should like to make a technical and narrow contribution about no-fly zones, which many people have talked about. Even when the Prime Minister raised the issue, I was not entirely convinced that he really knew what he was asking for. I thought it might be useful to look back at the experiences of previous no-fly zones and the lessons that we should have learned from them regarding where they worked and where they did not.

The no-fly zone in northern Iraq from 1991 to 2003 is, by and large, seen as a successful one. The reason is that the northern no-fly zone linked western air operations with Kurdish political parties and militias. In combination, they deterred Iraqi military action against the Kurds, which enabled a stable and sophisticated political and economically prosperous autonomous Kurdish cell. That success endured, even after the 2003 chaos. The northern Iraqi no-fly zone is arguably the most successful single engagement of the entire UK military engagement in Iraq since 1991. We ought to hold on to that point, because I do not think that the subsequent two no-fly zones were successful and we must consider why.

The southern Iraqi no-fly zone lasted from 1992 to 2003, and was imposed after the brutal repression of the Shi'as was effectively complete. In other words, we stepped in after the disaster had happened. No coherent

[Ms Gisela Stuart]

Shi'ite political structure was accessible to the west and there was no appetite for direct action to prevent Iraq draining the southern marshes, on which the Shi'as depended for survival. From a humanitarian standpoint, the no-fly zone achieved little. As a coercive policy instrument, it achieved more. In 1994, it was extended from latitude 32° north to 33° north. To prevent a re-attack on Kuwait, its terms were widened to make it a no-drive zone for Iraqi armoured and mechanised divisions. In 1998, Operation Desert Fox was launched through the southern no-fly zone against sites associated with the development of weapons of mass destruction in central Iraq. The capture of Iraq's senior commanders in 2003 revealed that Operation Desert Fox persuaded Iraq to abandon its manufacture of WMD.

The third no-fly zone I will discuss was in Bosnia from 1993 to 1995, and I am glad that there is somebody in the Chamber who knows much more about it than I. The assessment is that it was neither a practical nor a political success. Its effectiveness was limited by restricted rules of engagement that prevented action against helicopters, and by poor co-ordination between NATO and the UN. Its coercive impact was seriously undermined by a bitter political dispute between European capitals and the Clinton Administration over America's preference to lift the arms embargo on the Bosnian Muslims and to strike the Bosnian Serbs directly.

I come now to the practicalities and what we should do in Libya. The conflicts in Iraq, Syria and Yugoslavia indicate that air forces equipped with 1970s and 1980s Soviet and French aircraft are comprehensively outmatched by air forces equipped with modern western aircraft and training. Technically and tactically, the US and NATO have consistently proved their ability sufficiently to suppress 1980s vintage integrated air defence systems, and thus enable air operations at an acceptable level of risk. That does not necessitate the complete destruction of the IADS. Indeed, that was never achieved in Iraq or the Balkans. In Iraq, between 1998 and 2000, there were 470 separate engagements of American and RAF aircraft by Iraqi surface-to-air missiles and anti-aircraft artillery. They were defeated by a combination of tactics, self-protection counter-measures carried by all participating aircraft, aircraft equipped with anti-radiation missiles designed to attack air defence radars, and airborne stand-off jammers. Importantly, the US remains the only nation with the electronic warfare and ARM capabilities needed to support sustained operations against a functioning IADS.

Clear command and control to prevent the destruction of friendly military or civil aircraft is a prerequisite for any air operations, as are legal and unambiguous rules of engagement. Ambiguities that might allow transport aircraft and helicopters to fly or for civilian aircraft to be used for combat operations provide obvious points of challenge. The southern Iraqi no-fly zone was undermined by Iraqi Airways flights between Baghdad and Basra, and Baghdad and Mecca. The Bosnian no-fly zone was rendered ineffective by the consistent use of helicopters, particularly by the Bosnian Serbs. The success of the US special forces and air power and the Northern Alliance's forces in Afghanistan 2001 reinforces the experience of the northern Iraqi no-fly zone. To be effective, air operations must be designed to affect the surface of the earth and influence protagonists.

Mr Ellwood: The hon. Lady is making a powerful case about something that we are only starting to understand—the strength of the armed forces involved. She is absolutely right to say that second-generation bits of kit are involved in the current situation, some of which have fallen into the rebels' hands and are being used. However, it is dangerous to compare Libya with Bosnia, Iraq and other places, because the terrain is very different. A 750-mile stretch of land, 5 miles wide, is the area that needs to be controlled, so we are comparing apples and pears. I urge caution in suggesting that because something did not work in Iraq or Bosnia, it could not work in Libya, which is a very different ball game.

Ms Stuart: I am grateful to the hon. Gentleman, because he allows me to correct the impression I might be giving that I am against no-fly zones. I believe that we need to consider this carefully and positively and work out how to make it happen. In a sense the Libyan terrain is much easier, not least because, to state the obvious, it is much flatter than Bosnia in particular.

However, I do not believe that we yet have the local engagement with the political parties and groups on the ground that made the northern Iraq no-fly zone successful. We have not yet achieved that in Libya, and we need to establish it. I suggest that the Libyan air force capabilities are probably pretty much comparable with what Yugoslavia and the Iraqis had in the 1990s.

I think it was the hon. Member for Penrith and The Border (Rory Stewart) who cautioned us to try to learn from history. As A. J. P. Taylor said, it is perfectly possible not to learn lessons from history and to make entirely new mistakes. There are some things that we can learn from no-fly zones. We need absolutely clear and unambiguous rules of engagement and absolute clarity about when the purpose is humanitarian and when it is military, and unless the no-fly zone supports something that is happening on the ground, it will not help. We had better be aware of that.

3.57 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): It is a pleasure to speak in this debate. I have listened carefully to all the contributions so far, and I have been struck by the efforts of various speakers to understand better what is going on by finding some frame of historical reference to link it to. Is it more like 1989, 1956, 1918, 1848, 1789 or 1453? It is a tempting game to play. As the hon. Member for Birmingham, Edgbaston (Ms Stuart) made clear, historians often debate whether we can learn adequately from the past, or whether we repeat mistakes from the past. I would argue, however, that we can learn some lessons from the themes of the past.

Members have spoken about the revolutions that we have seen in the Arab world. It is worth remembering the etymology of the word "revolution" and the circumstances in which it was first used. It was in the Italian city states of the renaissance, where rich families ruled cities and feuded with each other. One family would take over amidst much bloodshed, and there would be a change of ruling family. That was called a "revolution", because there had been a full cycle and things came back to exactly where they had started.

The big fear about the situation in north Africa is that we will see the blooming of potential but then a return to the status quo. That would be the greatest tragedy of all. History has shown that at the moment when autocracy is weakened and a dictator takes his foot off the neck of the people whom he is oppressing, not only is there the greatest opportunity for more freedom and democracy but there is the greatest risk that extremists will be able to use the opportunity to flourish and to gain legitimacy through the ballot box.

I was pleased to hear hon. Members speak earlier about the importance of civil society. One contributor said that civil society could not be created from outside, but I strongly believe that the greatest contribution the Government can make to what is sadly occurring in north Africa and middle east is to do all they can to use their soft power to strengthen civil society.

My hon. Friend the Member for Mid Sussex (Nicholas Soames) was quite right to point to the need for evolution over time, but equally we have been urged to raise our sights over and above Libya. That is difficult to do on the day we hear of Benghazi being bombed, and of a million inhabitants being threatened. Who knows what Muammar Gaddafi will unleash?

When an autocrat takes his foot off the gas, the international community seems to get the message that now is the time for him to go, as we saw in Egypt and Tunisia. However, when a dictator appears to be more implacable, as in Libya and—dare I say it?—Côte d'Ivoire, they appear to manage to gain greater legitimacy, and indeed more staying power, and the developed world ceases to take notice. Suddenly, those dictators are not on the front page but on page 2, or on page 22 of *Le Monde*, as someone noted earlier. It is important that when the international community sends a message, it remains resolute, so that the message does not diminish over time.

As someone who came to political maturity—if I can call it that—during 1989, I found it deeply inspirational to see people reclaiming democracy in Egypt. As the hon. Member for Birmingham, Edgbaston pointed out, the Egyptians had a history of democracy and civil society, and were claiming it back. However, true democracy and true freedom is not a matter of forming an orderly queue outside a polling station to cast a vote; it is far greater than that. I want to ensure that we do not replicate in Egypt what we saw happen in Gaza, where the mechanisms of freedom and an electoral process gave an opportunity to Hamas to take power, and to exploit and misuse those opportunities. The hon. Member for Liverpool, Riverside (Mrs Ellman) spoke eloquently and more than adequately about the true nature of Hamas—I have no wish to repeat what she said, because it was all entirely true.

I would rather we looked to the example of Turkey, where an Islamist party has managed to demonstrate its democratic credentials and minimise the role of the army. My great concern in the case of Egypt is the immense strength that the army retains, in terms not merely of military power but of economic power. The Egyptian army has fingers in so very many pies—it even owns tourist hotels and transport companies. The great danger is that we will see a true renaissance revolution in Egypt, whereby in a few months' time we will have gone through the cosmetic process of creating an electoral register and holding notionally free elections, but the power behind the throne remains. That is not a democratic revolution, but merely a changing of the guard.

I am also greatly concerned about the impact that events in Egypt will have on Israel. No matter what some in the House say, Israel remains in a very fragile strategic position. Compromise becomes ever harder to find in Israeli politics. We have spent a lot of time in this debate discussing the impact of demographics on the unleashing of the Arab spring. As one hon. Member said, the combination of a young population and the lack of economic growth conjured up a perfect storm. We see a similar perfect storm in Israel. The higher birth rate among the orthodox community and the Arab population in Israel is changing Israeli electoral dynamics. As the hon. Member for Walsall North (Mr Winnick) rightly pointed out, Israel has a very pure form of proportional representation that allows very small parties to get in on very small shares of the vote. It then becomes extremely hard to build broad-based, stable and endurable Governments that are committed to the cause of peace.

I am greatly concerned that as these demographic trends continue the pro-peace centre of Israeli politics will shrink and shrink, and it will become ever harder for the great number of people in Israel who want peace to prevail within their own political system. I know that we do not like to interfere in other people's electoral systems, but I strongly believe that until Israel addresses the stability of its Governments, the chances of achieving a lasting and endurable peace will be that much harder.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): The hon. Gentleman is making an admirable speech, and I support a lot of what he says. He made an interesting point about the nature of Israeli politics and its influence on the peace process. However, does he agree that if Israeli citizens felt more secure they might choose candidates and Governments more conducive to the peace process?

Paul Maynard: That is an interesting point. There is a wider one though, which is that the nature of the electoral system gives a disproportionate amount of power to those more radical. It is their influence rather than the amount of support they have that causes the problem in Israel.

Finally, I want to make the point I feel most passionate about. We have spoken about the importance in north Africa and the middle east of inculcating democracy, freedom and the ability to live a free, harmonious, economically meaningful life. That is at risk, however, for a key and important group of people in the region—the Christian community. I have been deeply disturbed to learn of disquiet—bordering on violence—in Cairo, with the Coptic Christian community, and deeply concerned to learn of the murder of a Polish monk in Tunisia. The hon. Member for Ilford South (Mike Gapes) rightly pointed out that a lot of nasty things will creep out from under the stones of revolution, and I deeply hope that one of those is not more violence against Christian communities of whatever denomination. We have seen it happen in Algeria, and I do not want it happening across the whole of the middle east, because if that region is to succeed in the way that my hon. Friend the Member for Penrith and The Border (Rory Stewart) pointed out, it needs a deeper level of harmony. That

[Paul Maynard]

means the ability of people of all faiths, be they Jewish, Muslim or Christian, to get on. Until those divides are healed, I fear that the middle east will not take up its rightful role in the world.

It is worth bearing in mind that many in Europe regard the Mediterranean as a border. However, some of the finest Roman ruins are in Leptis Magna on the Libyan coast. In Roman times, the Mediterranean was called Mare Nostrum—"our sea". As someone who usually does not have much time for the European Union, I think it is important that in the Euro-Med process and in what President Sarkozy has sought to do we reach out to north Africa and see it as part of Europe, not just another continent that we do not wish to know about.

4.8 pm

Mr Denis MacShane (Rotherham) (Lab): It is a pleasure to follow the hon. Member for Blackpool North and Cleveleys (Paul Maynard). Of course, if he goes to Tunis, he will see the ruins of Carthage, where our dear Roman friends sought to ensure that the Carthaginians were destroyed and not permitted a future. We do not want to revert to that kind of parallel.

There are a couple of interesting anniversaries for us to consider today. One is dear to me: it is 30 years since the suppression of the Polish union Solidarnosc at the end of 1981. That great hopeful moment of liberation for the Polish people was then crushed by a cruel dictatorship, and we did not know how to respond. I hope that we can think constructively about what is happening in north Africa, which indeed is a revolutionary moment and a hopeful moment for the world. We have heard good speeches from both sides of the House in what is a most enjoyable debate to listen to.

Today is also an anniversary of a different sort, because exactly one month ago, on 17 February, the Foreign Secretary came to the House to make a statement on Bahrain, in response to an urgent question granted by Mr Speaker. The Foreign Secretary had just been there, and immediately following his visit there were the first demonstrations, repressions and killings; however, he did not seem to know that this was about erupt. It is that lack of what I would call intuitive imagination about world affairs that is the problem in our handling of foreign policy. I am not making a strictly party political point, because the same applies just as much to the previous Administration. I asked the Foreign Secretary to come to the House and, as the hon. Member for Mid Sussex (Nicholas Soames) pointed out in his excellent speech, I asked him:

"Does he agree that a wind of change is blowing through the Arab world"?

I also put it to him that he should

"agree to a wide review of UK foreign policy in the region before it is too late".—[*Official Report*, 17 February 2011; Vol. 523, c. 1136.]

I wish that such a review had taken place earlier, but as so often in our country, it is now taking place under the force of events. There have been some unhappy reactions, but there is no point going over who made a mistake, who went on an arms sales trip, which planes could not leave the tarmac and the rest of it. Rather, we should work out how we need to go forward.

I will not talk about making any sort of military intervention in Libya, because there are others who are experts. However, if, as the hon. Member for Penrith and The Border (Rory Stewart) pointed out, the intervention in Iraq helped to increase al-Qaeda's standing and status, then perhaps non-intervention in Libya will have exactly the same impact. In the non-intervention philosophy of the 1930s—if I could take my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) a little before her birth date—the line was "Do not intervene", and as a result the most horrible dictatorships and repressions were given the green light.

What do we have as a foreign policy? There are perhaps three components to our foreign policy: hard power, soft power and political influence. Sadly, because of cuts in the military our hard power is, frankly, decreasing. We have two aircraft carriers that are now Britain's no-fly zones because we do not have planes that can fly off them. We are also heavily engaged in Afghanistan. However, just as America's international influence was drained by its presence in Vietnam year after year—the Americans stayed for many years after they could serve any useful purpose, allowing Brezhnev and other horrible dictators to roam freely round the world—we need to look at reducing our profile in Afghanistan faster.

We need to look at the fact that we are cutting back our diplomatic service, including our diplomatic foreign-language training schools. The hon. Member for Penrith and The Border appealed for more Arab-speakers. "Ditto," say I, but we are not just cutting Arab-speaking diplomats; we are cutting our entire diplomatic presence.

Moving to soft power, the last time the Foreign Secretary came to the House to answer an urgent question, it was to defend the cuts to the BBC World Service. Two weeks ago the Secretary of State for International Development announced that he was cutting support for the International Labour Organisation's core funding. However, there are trade unions in Egypt and Tunis; indeed, I have been meeting them on and off for 20 years, including the Union Générale Tunisienne du Travail, the one Tunisian trade union that has some independence. That union wants help from the ILO and the TUC, but we are cutting such aid at the very moment that it could be most useful in building civil society.

We are also reducing the number of students from those areas coming to study in Britain. We have fewer Chevening scholarships, but more importantly, we are saying to those students around the world, "You're no longer welcome to come and study in mainstream British universities," because of the anti-immigration nostrums of the Conservatives, in thrall to an unpleasant press. That is the decline in our soft power. I put it to the House that every Tunisian, Libyan or Egyptian who comes and gets a degree in Britain leaves a friend of Britain.

Ms Gisela Stuart: Does my right hon. Friend also recognise the work of the Westminster Foundation for Democracy? Its funding has been increased, but it has also been working in Lebanon and Egypt on strengthening parliamentary democracy.

Mr MacShane: I am a fan of the WFD, but its total income is less than half the going rate for a banker's bonus—*[Interruption.]* For once, that was not my phone.

Madam Deputy Speaker and I have a relationship over my mobile phone—over it sounding in the Chamber, I hasten to add.

We are saying to the students of the region, "You are not welcome in Britain any more." We are losing it on the soft power front. We are even withdrawing the pitiful amount of funding that we give to the Quilliam Foundation, whose director was imprisoned in Cairo and who knows the leaders of the Cairene opposition. It is preposterous that the Home Office should be shutting down that outfit at a time when it needs more help, not less.

I understand from replies to my parliamentary questions that the Department for International Development will spend more than £1 billion in the next four years on aid to India, a country with more billionaires and millionaires than we have, with a space programme—almost a man-on-the-moon programme—and with its own aid programme. We are giving £1 billion to India, yet we are not finding any money at all for Tunisia, Algeria and Morocco because they were not on any United Kingdom aid programme. Tunisia was not even a target country for our trade promotion activities.

That is what I mean about the Government's utter lack of intuitive, emotional understanding of the changes that are about to take place. I know that there has been a crisis at the Foreign Office and that that has been uncomfortable for Ministers, and I do not blame officials, although perhaps I am not so sure about all the strategic top grip. I wrote an article in May last year saying that the right hon. Member for Sheffield, Hallam (Mr Clegg) should become the Foreign Secretary and that the right hon. Member for Richmond (Yorks) (Mr Hague) should become the Deputy Prime Minister. I still think that that is a job swap that the Prime Minister should consider. The foreign policy announced after the change of Government was very simple. It consisted of trade, trade and more trade—hence the embarrassment of the arms sales to which hon. Members have referred, which continued for two more days after 17 February when the Foreign Secretary came to the House to make his statement.

We also need to find ways of making our Parliament more involved and engaged in these extraordinary events, not only in the region that we are discussing but elsewhere around the world. Since November last year, I have made 11 requests at business questions for a debate in Government time on international and foreign affairs. We are now having such a debate, but only thanks to the Backbench Business Committee. Yes, we have debates on specific issues relating to the middle east or to a particular country or cause of concern, but we do not discuss synoptically what we want from our foreign policy. Of course we can all do the party political knockabout, but there should be much more that unites us than divides us. For that to be achieved, however, we need more parliamentary involvement. When hon. Members go abroad, the event should not be pilloried in the press as a "junket", and the Whips have to understand that travel not only broadens the mind but makes for a better House of Commons.

Finally, I repeat the appeal that I made to the Prime Minister, to which I have received a sympathetic response, that we need to create a British foundation for democracy development. This would in part incorporate the Westminster Foundation for Democracy and transform it from a £4 million or £5 million a year outfit to an £80 million or £100 million a year organisation. Even that amount would still not be remotely close to the annual allocation that we will give to India and other countries that benefit from DFID aid. Let that be what we will learn from this whole crisis, which will continue, albeit unevenly. I learn from *Le Monde* today that there is a lot of repression in Morocco, for example, and I am worried about Prince Charles going there later this week. Tunisia is also far from stable, and Egypt still effectively has military power. Britain needs to think differently, and this House should be at the heart of making that happen.

4.19 pm

Mr Tobias Ellwood (Bournemouth East) (Con): It is a pleasure to follow the right hon. Member for Rotherham (Mr MacShane), who always brings an interesting angle to these debates.

I begin by congratulating the Prime Minister, the Foreign Secretary and my Front-Bench team on recognising the scale of the unprecedented change that is taking place in the middle east and the role that the international community must play in promoting democratic reform. That is in stark contrast to some of our allies, who have been either slow or deliberately hesitant to speak out and join us in calling for change. It poses the question: how good are the international alliances and organisations of which we are part if they fracture at the first contact with an international crisis? For the UN, the EU and the G8, these are questions worth addressing so that we can act more propitiously when these events take place in future. I pose a question to Germany. It is a staunch ally and close colleague in Europe but why does it remain silent and fail to support a no-fly zone over Libya?

I called some friends in America, two Senators in particular, to ask why we had not heard more from the other side of the Atlantic. A lot of noise came back: concerns about spreading forces and interests too widely across the world, still undecided issues about Afghanistan, but also questions about who we are dealing with and the consequences of removing this particular dictator. After all, he is a much-improved dictator than he was 10 years ago.

Mr MacShane: If it is any consolation to the hon. Gentleman, he gets an extra minute by giving way to me. In some respects, the hon. Gentleman and other speakers are slightly behind the curve, as the United States is now working at the UN with Britain and France on a composite motion with good things in it. On Germany, I agree with him, but is the response surprising when some Members make speech after speech in this House attacking Germany and the EU and then, when they need Germany's help, turn round and say, "Will you be our friends after all?"?

Mr Ellwood: First, I am aware of where the US now stands and, secondly, I am not attacking anyone, but simply asking for some form of clarification of why Germany has taken the stance it has. I have inquired about it, but got no reply.

On the issue of why countries might be reticent, the particular dictator we are dealing with is a relevant issue. Gaddafi had, after all, turned his back on terrorism;

[Mr Ellwood]

he had stopped funding the IRA; he had paid compensation to victims of the Lockerbie bombers; he had suspended his nuclear programme; and he was no longer seeking weapons of mass destruction. He was co-operating with the EU on the movement of refugees. Yes, he might well be bad, but what will his successor be like? If we want to avoid another Somalia, perhaps we should keep this guy.

We also need to bear in mind the reputation we gain for wandering into countries, particularly in Arab countries such as Iraq. I happened to disagree with our invasion in 2003, but the long-term consequences of it on Britain's reputation in the Arab world as a whole are huge—and stay with us to this day. This reticence to go into Libya is strengthened by reports circulating in America that suggest that twice as many foreign fighters against the US in the Iraq invasion came from Libya than from any other part of the Arab world. I can understand those arguments, but I do not agree with them.

The first problem is that such arguments fail to recognise the changing mood across the Arab nations. The mother of all Parliaments here should, after all, encourage democracy. The world is a much smaller interrelated global community. Oil prices, stock exchanges, trade movements and deals, business interests and so forth: for all these, we are so much more interrelated in comparison with the independence we used to have—perhaps enjoyed—in the decades and centuries before. Politicians move; ideas are set; and there are consequences when an event happens in one part of the world—whether it be a natural disaster as in Japan, or a human catastrophe such as we are seeing in Libya, with the movement of refugees and so forth. We cannot dissociate ourselves from what is going on in north Africa.

There are also more moral questions. One issue not much talked about is the level of genocide. How many people need to die before we wake up and say, "We must step in"? I am reminded of the spokeswoman who, in May 1994, said of Rwanda—Members might recall it from the films about the country—that the word "genocide" should not be used, and that "acts of genocide" should be used instead. She could not bring herself to use that term.

Apparently, 5,000 people have already died in Libya. We must ask ourselves at what point we should make a judgment from a moral perspective, let alone a legal one.

The Prime Minister has made clear three requirements for the establishment of a no-fly zone: a need for it, legal grounds for it, and of course regional support. Unfortunately, the dithering that has taken place over the last couple of weeks has allowed Gaddafi to regroup his forces. It has allowed to him to recruit mercenaries—because he cannot trust many of his own troops—and to steal the initiatives.

We should also ask ourselves why the "good" dictators, if I may call them that, have stepped down in this Arab spring, while the bad dictators—the ones who stay in there and fight—are being rewarded by being allowed to keep their jobs. Our failure to support the people in that regard sends a message to the other dictators, who say, "Let us hold our ground. Let us stick it out." That is what will happen if the international community is not organised enough, and has not the necessary gravitas and determination, to mount a challenge.

The Arab League has been mentioned, and I referred to it in an intervention. The Arab League has no power. It is a group of Foreign Ministers who have no influence over the dictators to whom they report back. Moreover, Arab forces have never been organised. If we look back at the 1948, 1967 and 1973 wars, we see that they have never been united. If a no-fly zone is imposed or intervention takes place, it will not be through those Arab nations. Their armed forces are nowhere near as strong as they seem to be on paper.

It is also necessary for us to understand the terrain. As I said when I intervened on the hon. Member for Birmingham, Edgbaston (Ms Stuart), a no-fly zone in Libya would be very different from a no-fly zone in Bosnia or Iraq. We need to understand the structure of communities in Libya. There is one long road leading from east to west which contains two main cities, two main groups of communities in Tripoli and Benghazi. We should control Libya with not just a no-fly zone but a no-drive zone. Such a measure would be far easier to implement than any that we have seen before.

Allowing Gaddafi to stay will have a number of consequences. There will be repercussions for his own people, and questionable alliances will develop. Gazprom will eye the region with envy, and will resolve to take over all the operations in north Africa and Libya in particular if Gaddafi stays. That may be one reason why it is not willing to support a no-fly zone.

We have also touched on military tactics. What is the purpose of a no-fly zone? Is it humanitarian or military? Those of us who have served in the military know that it is a force multiplier—a way of creating an advantage for one side or another. It would probably be necessary only to create a no-fly zone over Benghazi initially, and then to move forward from that. A no-fly zone is intended to prevent aircraft from moving, but that can be done in another way. A Storm Shadow missile could be fired right now, landing on the runways and preventing the aircraft from taking off in the first place. The aircraft that are available are not good, and many of them are already in rebel hands. There are other questions we should ask about tactics. We tend to grab at labels and to say, as armchair generals do, "That is what we have done in the past, so that is what we should do now."

Christopher Pincher (Tamworth) (Con): My hon. Friend asks, "What is a no-fly zone?" That is exactly the question that should be asked. Does he agree that it should not be merely a humanitarian air umbrella protecting people from being attacked in Benghazi, but should extend to Tripoli, so that Gaddafi cannot import more mercenaries—his merchants of death?

Mr Ellwood: We are getting into the weeds here. We need to step back and consider the creation of a no-fly zone from a strategic perspective. What is our mission in supporting the rebels, rather than trying to create something about which the military tacticians need to decide? We must determine what our strategy is. A no-fly zone may be part of it, and the extent of the no-fly zone might be considered as well.

We are becoming very focused on Libya, but I mentioned the importance of Egypt in another intervention. The revolution there is not complete. There are worrying signs, such as the agreements that we have seen between

the Muslim Brotherhood and the armed forces. People are being told, "You can only be a full citizen of Egypt if you can prove that your grandfather and your father were born in the country." That completely removes a group of middle-class citizens who could possibly help to establish a new political society. We must not lose sight of where Egypt is going. Because it is so influential in north Africa and the Arab world in general, where Egypt goes other nations will follow.

Many comparisons have also been drawn with the changes following the fall of the iron curtain, and they are useful to some extent. However, communism was a one-party system, and it is far simpler to make the transition from that to a democracy—especially as many of the countries concerned were democracies prior to being entrapped behind the iron curtain—than it is to make the transition to democracy from a dictatorship, where the power is focused on an individual and the society is based on fear. Huge dangers arise when oppressive rule is released from its shackles, when they have been broken because of the creation of a power vacuum. We should consider our experiences in Afghanistan: 10 years after we wandered in there and tried to install some form of democracy, we are still struggling.

The world has been following the latest headlines very carefully. As we speak, Gaddafi is doing exactly what I said he would: he is deliberately bombing the runways in Benghazi to stop the rebels using their planes. The world is asking why the international community is not doing more, and the people of Libya are asking the same question. The turbulent chapter in world history that we are now experiencing, and which opened with the fall of President Mubarak, is far from over, and future generations will judge the current generation of leaders on its outcome.

At the heart of the matter is freedom, and the desire to grasp a rare opportunity to sow the seeds of democracy as people-power tries to usurp dictatorships across north Africa and the middle east. Events in the middle east are testing the international community, and they are moving too swiftly for us to be able to be a positive influence or force. To do nothing is to leave things to fate, and I fear that Iran is not going to do that, and nor is al-Qaeda. It is a sad irony that the global community is more than willing to help on one side of the world in saving and rebuilding lives after a natural disaster, but fails to act to prevent, or intervene in, a man-made disaster.

For Libya, the window of opportunity is closing. Gaddafi has taken advantage of our collective dithering to regroup and unleash hell on those who dared to stand up to him in the name of democracy. Across north Africa and the middle east I believe that, unfortunately, the worst is still to come, and the west must be better prepared to respond.

I shall end as I began, by praising the work of our Government and the lead they have taken. I only hope our allies will now play catch-up.

4.32 pm

Yasmin Qureshi (Bolton South East) (Lab): I, like all other Members of the House, am pleased at events in Tunisia and Egypt, and I welcome the desire of the people of the Arab world to bring about change in their countries. That certainly puts paid to the myth peddled by some in this House and the media that democracy is somehow incompatible with Islam. We should now provide humanitarian assistance, and help the people of the Arab world to set up a good system of civic governance and capacity-building. I know that the Foreign Secretary and the Foreign Office are supportive of that.

Today and in the past, we in this House have talked about the hypocrisy of various countries around the world, and Iran has been mentioned many times, but is it fair to single out one country as hypocritical? Have we not at many—or, indeed, all—times applied double standards in our dealings with different countries? As the senior American politician, Senator Lindsey Graham, observed last month:

"There are regimes we want to change, and those we don't."

Let me give some examples of our double standards. We talk of democracy, yet there was a democratic movement in Egypt in the '50s, and we quelled it. We did the same in Iran in the '50s: we opposed democracy there, and supported the Shah on the throne. As we see on our television screens, there are many parts of the world where there has been systematic genocide, ethnic cleansing and humanitarian disasters, with hundreds of thousands of deaths, yet we did nothing. Countries we could mention include Bosnia, the Democratic Republic of the Congo and Rwanda. To those who say, "Well, those are past conflicts," I refer to current conflicts in countries including Zimbabwe, Sudan, Palestine and Sri Lanka, with the Tamil Tigers' rebellion. Thousands and thousands of people died in that war, so why did we not intervene there? Why do we choose where we want to intervene?

Bob Stewart: The answer to the hon. Lady's rhetorical question is that we can do only what we can do. We would like to go into some of these countries, but we cannot possibly do so because we just do not have the means or the local support—we have got to have that.

Yasmin Qureshi: But that is not right, because if the test is whether a humanitarian disaster is taking place or whether human rights are being violated, we should not be cherry-picking which fights we want to have; we should be prepared to go for all of them or stay out of all of them.

Martin Horwood: Will the hon. Lady give way?

Yasmin Qureshi: I just want to deal with my next point.

I was not planning to talk about Palestine, but I shall do so because so many hon. Members have referred to it and it is an interesting case. The undisputed facts of the history of Palestine are that before the creation of the state of Israel 9% of the land belonged to the Jewish people and 91% belonged to the Palestinians; the Nakba resulted in 75% of Palestinians being forced out of their homeland; 4 million people have since been left displaced—they are living in Lebanon, Jordan and elsewhere—and many thousands have died; and the massacres at Shatila and Sabra refugee camps killed more than 20,000 people.

The UN has passed a number of resolutions regarding the illegal settlements, but they have not been dismantled and continue to be built. As the Prime Minister said on Monday, if Israel carries on in this way there will be no land for a two-state solution. The people of Gaza have been collectively punished, with some 1.5 million people

[Yasmin Qureshi]

living on 3 km of land. That situation has been declared illegal by the UN, and when visiting Turkey our Prime Minister described Gaza as a "prison camp." I went to Gaza last year and I was appalled by the conditions in which people are living there. If that is not an abuse of human rights, what is? The segregation wall has also been declared illegal. Again, land and livelihoods have been taken but nothing happens. We do not do military intervention there. I am not asking for military intervention there, but I am saying that we need to be careful when we start invading other countries.

We have heard about the concept of so-called "liberal interventions." If we really want to undertake those, the United Nations should set up a special international army representing all the different nations. All the nations would make a contribution and it could then go to all the various hot spots of the world to sort the problems out. However, I know that that is unrealistic and it is not going to happen. We cherry-pick the disputes we want to have and decide that we do not want to bother with others, perhaps because the regime has been sympathetic to us in the past or perhaps because we have economic trade with the regime and we conveniently forget about whatever else it might have done. That has been the problem for our international policy, because perhaps we have not been an honest broker in a lot of these world disputes—perhaps it is about time we became one. This is not a party political point, because successive Governments have been carrying on with these policies. However, in some respects there has been no genuine honest brokering of the peace.

I recall hearing the speech that Robin Cook made in this Chamber setting out in a very analytical way the reasons not to go into Iraq. He mentioned a number of things, including the lack of information, the fact that the need for the war might have been pumped up and the fact that drumbeating for the war had risen sharply. He urged caution and said that we should not go into the war. Many people did not accept or heed what he said and now, with the benefit of hindsight, most people say, "Oh yes, what Robin Cook said was right." We now hear that we had the wrong information.

On Libya, the situation is bad and I do not condone the death of anyone. I was sad to hear about the Fogel family in Israel. I do not believe in killing people and do not think that it can be justified. On those grounds, I am one of those people who do not believe that we should go into a sovereign nation and invade it. If we want to do that, we should invade all other nations where there have been even bigger problems. For example, in Sudan, 100,000 people have died—Libya is nothing in comparison.

Jeremy Corbyn: Does my hon. Friend acknowledge that wars are awful, invasion is awful and occupation is awful and that at the end every war has to be settled politically in some way? Does she join me in regretting that far greater efforts were not made at the beginning of the Libyan crisis to emote some sort of political settlement despite all the obvious obstacles?

Yasmin Qureshi: I agree entirely. We do not have to look far afield—we need merely to look to Ireland, with all its history and violence. In the end, a political settlement was reached. That has been the way forward. We need to try that with all the countries in the world.

Hon. Members can call me cynical, but the difference is that Sudan, Zimbabwe, Kashmir, Palestine, Sri Lanka and all those other countries do not have oil. Rwanda and the Democratic Republic of the Congo do not have oil. Libya does. Is that our motivation? Do we want to ensure that we control that country?

Mr MacShane: My hon. Friend mentioned Robin Cook and I served with him as a Parliamentary Private Secretary for a number of years. I remember how bitterly he was criticised by some hon. Members who are now present in the Chamber for authorising and supporting the intervention in Kosovo without UN sanction and, indeed, the bombing raids on Iraq, some of which were without UN sanction. Kosovo had no oil—the intervention was illegal and did not have UN authority. My hon. Friend was not in the House at that time, but where did she stand on that particular armed intervention?

Yasmin Qureshi: I happened to spend two years working in Kosovo after the armed conflict and after the Serbian bombing. Having seen the situation, I can say that that was an immediate international humanitarian disaster that followed the massacre of 100,000 Muslim Bosnians. It was very much an effort by the United Nations to do with that particular war.

As has been mentioned, one cannot compare two things as though they are the same. Libya is a very different ball game to Kosovo and Serbia. Everybody knows what happened in the former Yugoslavia—hundreds of thousands of people were massacred and something had to be done. That is not the situation that we are talking about here.

Damian Collins (Folkestone and Hythe) (Con): I think the point being made by the right hon. Member for Rotherham (Mr MacShane) was that there was not a British commercial interest in going into Kosovo—we did it to save lives and because it was the right thing to do. That is the comparison that we are seeking to draw here.

Yasmin Qureshi: A number of people in this country, even at that time, did not want to go into Kosovo. One might say that there was no economic rationale for going into Kosovo, but there was certainly an American strategic reason. The listening post in Cyprus was soon coming to an end and they wanted an additional listening post in the area of Kosovo. I spent two years in Kosovo and I saw the Americans' Camp Bastion, which was a solid construction while most other countries had NATO flat-pack constructions, so there was certainly a strategic reason for the Americans to go in there. I agree that Robin Cook was able to persuade the then Government regarding Kosovo, but that has been the only honourable exception in all the disputes of the past 30 to 40 years.

4.45 pm

Bob Stewart (Beckenham) (Con): I thank the hon. Member for Bolton South East (Yasmin Qureshi) for her speech. I have to say that I am struck by the idea of there being a listening post in Kosovo and I am particularly struck by the idea that the second world war and the Falklands war were negotiated settlements. We actually had to fight to win those wars.

I am afraid that I, too, want to talk about Libya, particularly about the timing of decisions and what we should do. I feel very lucky, as we all do, to live in the United Kingdom. I have been to a few rotten places in my life and I feel very strongly as an internationalist that we should help countries and peoples who are less fortunate than ourselves. Where we can help, we should—I made that point earlier in an intervention—but we have to be pragmatic about our foreign policy. There should also be a moral dimension and we should be constructive. I am no warmonger. I have seen for myself what conflict brings. As the first British United Nations commander in Bosnia, I witnessed man's inhumanity to man and I found it loathsome. For me, the political lesson of Bosnia was this: if you are going to do something, do it—make your decision and act. Be decisive, and be clear about your objectives. I do not think we can pussyfoot around when it comes to international crises. We should either do something effective or do nothing. Indecision is next to useless.

In such situations, the mission has to be clear from the start, but that did not happen to me in Bosnia. I had no formal mission for three months, but I said to my soldiers that we would have a mission. I told them that our mission was to save lives and I do not reckon that would be a bad mission for us in Libya—I think that all hon. Members present would agree with that. The tactics being used by Gaddafi's thuggish forces seem remarkably similar to the tactics that I saw being used by General Mladic in Sarajevo in 1992 and 1993. He had no thought whatever for civilian casualties. I watched that happening and I felt impotent with rage because we could have done something about it but we did nothing. We all abhor what is happening in Libya on the road to Benghazi. Some hon. Members have suggested that we should not take too much from the past, but I am afraid that I am a bit of a dinosaur and I think that the lessons of Bosnia hold true.

The military situation for the rebels in Libya, which we have not touched on, is pretty dire at the moment but is not terminal yet. In the west, Gaddafi's forces have not yet taken Misurata. In the east, approximately 5,000 of Gaddafi's troops are besieging Ajdabiya, which is close to the strategic crossroads leading to either Tobruk or Benghazi. We know that Gaddafi's forces rely heavily on mercenaries. Those guys carry out their business for gold, not love, and we somehow have to get to them.

Mr Ellwood: I hesitate to interrupt my hon. Friend, who is making a powerful speech, but does he agree that Gaddafi's trust in his armed forces is questionable? He cannot predict that a pilot getting into an aircraft who is told to go and bomb the rebels will actually go and do that and not fly somewhere else. That is why he is having to resort to using mercenaries.

Bob Stewart: I absolutely agree with my hon. Friend. Gaddafi has unreliable forces, so he needs to use mercenaries, whom he pays in gold.

Gaddafi's forces are on extended lines of communication and supply, which is a good thing because he is not going as fast as he would want to. The key point is his rate of progress. Assuming the current rate of progress of his forces, it seems that they might take another month to get to Benghazi. There might therefore be a window of opportunity for action—perhaps up to 28 days or even more, but hopefully not a shorter period. However, as more time goes by, our chances of helping drop dramatically, so we must act as soon as we can. We are in a race against time and we must move fast.

Despite speed, however, we still must act morally and within a legal framework. What do we need in place? Many hon. Members have touched on the requirement for a Security Council resolution. The trouble with the Security Council is that it often takes decisions at the speed of a striking slug. Of course, there might also be a problem with one or two of the permanent members. However, as many hon. Members have stressed, it is essential that we have such a resolution because it gives us top cover.

Secondly, we must have Libyan support. By hook or by crook, we must ensure that whatever we do has the support of those people who oppose Gaddafi. At the moment they want a no-fly zone. As Gaddafi's forces advance—I hope they do not; I hope they are defeated—I bet those people's wish for more extensive military action in their support will become greater. I would like to see the no-fly zone for which they are calling, but let us be clear that there cannot be a no-fly zone without the United States.

Jeremy Corbyn: What happens at the point when the opposition forces in Libya ask for something beyond a no-fly zone—ordnance, troops or whatever?

Bob Stewart: I thank the hon. Gentleman for his intervention, but the answer is that I do not know. I would like to think that we would have some form of answer. I would also like the Arabs to come forward with assistance for their brothers in arms, which brings me on to my next point. We have good Arab League support although, as my hon. Friend the Member for Bournemouth East (Mr Ellwood) stressed, it might not be speaking for its members' Governments, even though it should be.

Yasmin Qureshi *rose—*

Bob Stewart: I shall give way to the hon. Lady because she gave way to me.

Yasmin Qureshi: And everyone else as well.

I was interested that the hon. Gentleman said, "I don't know," when my hon. Friend the Member for Islington North (Jeremy Corbyn) asked what would happen if the rebels asked for more help. The hon. Gentleman talked about the hope that other Arab countries would intervene, but surely we cannot plan a war without knowing what we are ultimately prepared to do.

Bob Stewart: We are not planning a war; we are trying to stop Libyans dying. My mission in Bosnia was to stop people dying.

Yasmin Qureshi *rose—*

Bob Stewart: I shall not take another intervention from the hon. Lady. I was generous because she gave way to me.

Europe must participate, too. France is doing its best, but I would like to know where Italy would stand, given that Libya was one of its colonies—until, of course, the Eighth Army kicked them out in 1943. Finally, we must

[Bob Stewart]

consider our own British public, who need to be fully on side. I suspect that they would be on side if the conditions that the Prime Minister and other hon. Members have laid down came into play. I do not think that we could do it unilaterally, and certainly not without a Security Council resolution.

I agree with the no-fly zone, but it must be effective. It cannot just be words. We must be able to strike on the ground if necessary. I am sorry about that, but that is what a no-fly zone means. I was underneath Bosnian Serb jets in 1993; there was supposed to be a no-fly zone, but they were 200 feet above me. A no-fly zone requires a lot of organisation and, of course, it requires the Americans to help. I happen to agree with the idea of arming the rebels, but when we arm people we must also train them.

There is an embargo in place on Gaddafi. My long-standing right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) has made a plea that we should somehow get around that embargo for the rebels, and I support that idea. Military ground intervention, which is another option, is extremely unlikely on the part of the west. Some have suggested that Egypt might do something, but I think that that, too, is unlikely. If we have time we can establish a no-fly zone. We could even start to arm the rebels in Benghazi.

In conclusion, I am prepared to support a no-fly zone and the arming of rebels, particularly if the substantial conditions I have outlined are in place. The Libyans are crying out for our help. They are pleading for help.

Martin Horwood: Will the hon. Gentleman give way?

Bob Stewart: I have so little time that I will not.

If we want to help the Libyan people, we must do something very quickly. Time is of the essence. It may already be too late.

4.57 pm

Robert Halfon (Harlow) (Con): One of the reasons we need to have this debate today is that recent events have shown that Government policy toward the middle east has failed lamentably in recent years. It has been inconsistent, because on one hand we played realpolitik, appeasing certain regimes, and on the other hand we have said that dictators are evil and that we must take action against them. It has been ineffective, because we are friendly with a number of repressive states, particularly those in the Gulf, hoping for low oil prices. However, as current events have shown, this appeasement has not led to the stability we hoped for. More significantly, the policy has been intolerable, because it has had a very limited effect on stopping human rights abuse or promoting democracy, with exceptions that I will come on to later.

It is often said that the measure of a man can be found by looking at his friends. In the same way, the measure of a country can be found by looking at its allies. Honour killing is still legal in Iran, Jordan, Syria, Saudi Arabia and the Palestinian Authority. Homosexuality is still punishable by death in Iran and Saudi Arabia, and by three years' imprisonment in Syria. The events of recent years in particular have shown us that our middle eastern policy has been wrong.

I am not ashamed to admit that I tend towards the neo-conservative view of the world, as someone who believes that freedom, human rights, property rights, the rule of law, equality towards women, religious tolerance and rejection of terrorism are all inalienable human rights and should be spread all over the world. They say that a neo-conservative is a liberal who has been mugged by reality. While I am not talking about my colleagues on the coalition Benches, I prefer to use the term "muscular enlightenment".

It seems to me that realpolitik involves appeasing or collaborating with unsavoury regimes in order to achieve certain foreign policy objectives. It is as far removed from an ethical foreign policy as it is possible to be. Let us examine how realpolitik has failed. With the Saudis, the deal seems to be that we work with them financially, and in exchange they are allowed to promote their strain of Wahabi Islam throughout the world, a branch of Islam which many orthodox Sunni and Shi'a groups consider extremist and heretical. On top of that, the Saudis are allowed to pour millions into our universities. What has been the result? There has been terrorism at home and abroad; Islamist extremism in our universities has increased; and we are no closer to a two-state solution in Israel and Palestine.

Nowhere is the failure more true than in our relations with Libya. My family knows something about that country, as my grandfather lost his home and business to Gaddafi, and my father was born there and even remembers shaking Gaddafi's hand sometime in the 1950s, before he took power. With the release of al-Megrahi, the Lockerbie bomber, the previous Government hid behind the fig leaf of devolution to help facilitate the release of a mass murderer. In return for stability and curtailing Gaddafi's alleged weapons of mass destruction, Tony Blair and the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) went far beyond what was necessary to build relations with Libya. Appeasement became collaboration, and we saw that Government boost business links with Libya and facilitate university contracts with the Libyan authorities.

As reported on the website of Liverpool John Moores university, dated 3 May 2007, the British ambassador to Libya, Sir Vincent Fean even said:

"My vision for Libya...is"—

for—

"a closer and more productive relationship with the UK than with any other country."

Let me repeat that phrase:

"a closer and more productive relationship with the UK than with any other country."

If hon. Members think of Libya, they will find that that statement is quite astonishing. It is a totalitarian state which murdered our own citizens in the Lockerbie massacre, yet our own ambassador says that he wants deeper relations with Libya than with any other country. Truly, the fish rots from the head down.

It was wrong for universities in Britain to do deals with Libya, but we cannot blame them completely. Yes, the London School of Economics and other universities signed contracts worth millions of pounds, but the Government urged them on, and, as written answers have revealed, the previous Labour Government met at the most senior levels to push those issues forward

with the Gaddafi regime. We have to ask: why was this happening, what were we selling and what were the Libyans buying in terms of influence and acceptability?

John Kennedy said that foreign policy should be idealism without illusions. The realist school says, "You can't just drop democracy from a B52 bomber," but that was always a misrepresentation of muscular enlightenment. It was never just about military invasion; it was about winning hearts and minds and supporting throughout the globe those democratic movements that share the ideals of freedom. I reiterate the point that has been made this afternoon: democracy is not just about elections. If it is only about elections, we have the situation of 2006 in Gaza, where Hamas sent its militia on to the streets, attacking members of the more moderate Fatah party and throwing them off the rooftops.

Those who oppose freedom in the middle east, however, are exactly like those who opposed the end of slavery in the southern states of America in the 19th century. They always said, "Yes, we want to end slavery, but not yet," and the realpolitik of the middle east says, "Yes, they should have democracy and human rights for women, but not yet." So, what can we do to help freedom spread throughout the middle east?

Mr Winnick: Does the hon. Gentleman condemn the settlements in the occupied territories and agree with the UN resolution, which was voted for by Britain but vetoed by the United States?

Robert Halfon: No, I do not agree, actually. I believe in a two-state solution, and I believe that some of the west bank will obviously be given over as part of a Palestinian state, but I did not agree with my Government when they voted for that motion.

I accept that popular uprisings, such as the waves of protest throughout north Africa and Arab countries, might lead to Islamist fundamentalist rule, and we are not sure yet whether this is eastern Europe 1989 or Iran 1979. Arguably, indeed, Iran is living through its own version of the terror that followed the French revolution in 1789, with a despotic and brutal regime. That is why we have to divert aid into building democratic institutions and nurturing them where they exist.

I want to turn to Iran as the elephant in the room. Through Hezbollah, Iran has huge influence in Lebanon. In Gaza, Iran supports Hamas. Iran also has close relations with the President of Syria. We know that Iran supports activities against British troops in Afghanistan and Iraq. It may soon have more influence in Bahrain. And, of course, it is about to have nuclear weapons. Iran is what Reagan once described the Soviet Union as—the new evil empire. Using the example of Iran, we must not let the middle east fall out of the frying pan of dictatorship into the fire of Islamism.

Nicholas Soames: Does my hon. Friend agree that it is very important not to confuse the Iranian people with the Iranian Government?

Robert Halfon: My hon. Friend makes an incredibly important point. I agreed with much of his speech. The Iranian people have a totally opposite view from that of the regime which, sadly, has suppressed them for so long.

What is to be done? We need a radical reappraisal of our foreign policy. We need a strategy that supports democracy over dictatorships. The thrust has to be to support reformist movements in the region. Let me briefly talk about two of them. First, there is Kurdistan. To those who argue that democracy takes hundreds of years to evolve, and who say that we should not interfere, Kurdistan, in northern Iraq, proves the opposite. Established only in 2003, the regional government makes its own laws, controls its own army, and decides its own pace of economic development. It is a relatively terrorist-free and progressive Muslim country, despite facing continuous threats from al-Qaeda. I declare an interest, because I am an active member of the all-party group on Kurdistan and recently visited the country. Only today, the Bishop of Arbil was in Parliament—because I was here in the debate I was not able to go—explaining that Kurdistan has welcomed thousands of Christians who have suffered very badly from terrorist attacks in Iraq. I urge the Government to do more to support Kurdistan in its welcoming of Christians to the region.

In the same way, our current policy towards Israel should be much more supportive. Criticism of Israel is out of all proportion to that of other countries. It is always incredible how everyone wants to be a candid friend of Israel but no one is a candid friend of France, Germany or America. Yes, of course Israel is imperfect, and yes, there are problems with settlements, but the fact is that in a region of dictators, Israel is a bulwark of freedom. The excuse is often given that Israel-Palestine is the driving force behind all conflict in the middle east, but recent events have disproved that. I believe that peace would happen incredibly quickly in Israel with two states—a Palestinian state and an Israeli state—if Arabist dictators stopped funding terrorism. The more democratic these countries become, the less likely there is to be a war. I do not think there is an example in history of two democracies that have fought each other. I have often met Palestinian moderates who have the will to make peace, but not the authority, whereas Hamas, sadly, has the authority but not the will.

Let us have a foreign policy in the middle east that actively supports democracy over dictatorships. As my hon. Friend the Member for Beckenham (Bob Stewart) said, let us do all we can to have a no-fly zone in Libya. Let us do all we can to supply arms to those bravely fighting against Gaddafi—today or tomorrow, if possible, and unilaterally, if we have to. In doing so, we will reverse the many mistakes of recent years and make a stand for the people in the middle east who have the right to freedom.

5.9 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): It is an enormous pleasure to follow my hon. Friend the Member for Harlow (Robert Halfon), and to have learned for the first time that his father shook the hand of Colonel Gaddafi. I suspect that there are many in the House this afternoon, and indeed across the world, who rather wish that he had shaken him by some other part of his anatomy.

There have been contributions of great substance during the debate. For the most part, they have rightly focused—for perfectly understandable reasons, given where we are today—on the situation that currently prevails in Libya. I will concentrate my remarks a few hundred miles to the east, on the nation of Egypt. In

[Stephen Phillips]

Egypt, a largely bloodless transition occurred and elections have been promised by the interim military Government within the next six months. As my hon. and gallant Friend the Member for Bournemouth East (Mr Ellwood) indicated, those elections are extremely important and our Government will have to hold the interim Egyptian Government to that promise.

Like many people, I think that Libya would not be in the state that it is today if it had followed the template of what happened in Egypt. It has an uncertain immediate future and has the potential to return to its pariah status, should the Gaddafi regime prevail in the current struggle. Most, if not all, Members hope that that does not occur.

The lesson from Egypt, as from other areas of the world, is clearly one of hope. We must not lose sight of that in the course of this debate. Authoritarian regimes across the region may from time to time win battles against those in whose name they purport to govern. However, in the end, like Ozymandias, their fate is always the same: it is to fall at the hands of those to whom they have done such disservice.

This country has a historical responsibility for Egypt. We played a part in its governance, although not always a glorious one, for a not inconsiderable period. Given current events, it is not without irony that I read what Valentine Chirol wrote as long ago as 1920 at the end of chapter 16 of his book entitled "The Egyptian Problem":

> "Not till we have left behind us the No Man's Land of government by martial law can we hope to regain the confidence of a new generation of Egyptians by applying to the altered conditions which any measure of self-government must imply the same broad constructive statesmanship which won for us the confidence of an older generation."

With the exception of an 18-month period between 1980 and 1981, martial law has effectively held sway in Egypt since 1967 when the emergency law of 1958 was first used. The transition to democracy in Egypt will not be easy. However, we all hope—and I have no doubt this will prove to be the case if the Government hold to their position, as they should—that this marks the end of the application of that emergency law, with all that it has entailed for ordinary Egyptians and for peace in the middle east.

The removal of that law and other emergency laws across the region is necessary for the democratic aspirations that led to the recent uprisings to find expression in Governments who have broad support. In Egypt, there must be a Government who have support across a nation that straddles the east and the west, and which has so often been the hinge on which world events have turned. It is now a nation of more than 80 million people. It has a unique history, of which all Egyptians are justifiably proud.

This situation is not something of which we should be afraid. Democracy is not easy. It has mostly been easy for people in this country, but that is not the experience across the world. Democracy is not something to which we should pay lip service only. Our interference in the middle east, often ostensibly in the name of stability—Egypt is as good an example as anywhere else—has done our nation little good. It has caused resentment and on occasion bloodshed, as well as setting back the cause of democracy for others across the world.

The demonstrations of the 1920s in Egypt and the subsequent rise of nationalism were ample indication of a people ready to govern their own destiny. Had we left the Egyptians to get on with their own lives rather earlier than 1954, the generations that have come since might well have had a better quality of life, and the Egyptian state a growing democratic maturity, which would have assisted in the cause of peace throughout the region. It is for that reason, if for no other, that the Prime Minister was entirely right to hold talks with the interim Government last month in Cairo immediately after President Mubarak announced that he would step down.

There is little in Egypt or in the region by way of a model for an open and democratic society upon which those who seek to promote such a society can draw. There is only so much that can be borrowed from nations such as ours, given the different cultural histories and the lack of entrenched democratic traditions in the region. Demonstrations of support for the transition to democracy are important, since Egypt and the other countries in which revolution—if that is the right word—has been seen this year need to know that the interference of the west is a thing of the past. They need to know that, like them, we have grown up and that the rights that we take for granted but value are not just for us but for the southern and eastern Mediterranean and the Gulf states. In short, they need to know that we now trust the nations of the middle east in a way that the generations that immediately preceded us showed no sign of doing. Those demonstrations of support are important also for reasons alluded to by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard). We do not want to see in countries across the middle east the sort of revolution that merely involves one dictator stepping down to be replaced by another.

I have alluded to the fact that we have not always done well by those in the middle east, but one exception, and one person who supported Arab independence, was of course T. E. Lawrence. In preparing my remarks today, I came across his review in *The Observer* of 19 September 1920 of Chirol's work, to which I have already referred. It shows again that, whatever the hon. Member for Birmingham, Edgbaston (Ms Stuart) says, history teaches us much. As Lawrence wrote, more than nine decades ago now, to read Chirol's book

> "is to learn that the diseases of the Government of Egypt are mostly mental, and the statement of the causes nearly cures them".

As he also noted, this country provided a sorry sequel to Lord Cromer's magnificent beginning. It has taken 90 years for the prospect of good government in Egypt to re-emerge.

The current picture is one of hope. If the Egyptians succeed in creating a successful model of what a free Arab democracy can look like in this century, their neighbours, including in Libya, will be hard-pressed not to follow suit. It is the task of Members of this House to assist the Egyptian people and those across the middle east as best we can. Given the prize before us, I look forward to hearing from the Minister at the end of the debate, and again as often as may be convenient in future, precisely how the Government propose that that task should be accomplished.

5.17 pm

Neil Carmichael (Stroud) (Con): This has been a timely and excellent debate, and Members on both sides of the House have made valuable contributions. I wish to follow on from the comments of my hon. Friend the Member for Penrith and The Border (Rory Stewart), who made some very good points. One was about the amount of time that we should allow for significant changes to take place in north Africa and the middle east. He talked about it taking two decades or more, and I think he was absolutely right. Although things are happening very fast in the immediate situation, we have to take a long-term view.

My hon. Friend was also right to say that we have to be more engaged and flexible with the various nation states that we are dealing with and make use of collective European values as well as the experiences of individual states. The relationship between France and Morocco is a good example, but not the only one, and we need to be intelligent about how we respond to developments.

My hon. Friend the Member for North Thanet (Mr Gale) made an interesting point. He wondered why we were not in Hungary in 1956. The answer is that we were in Suez. He wondered why the west was not dealing with Czechoslovakia in 1968, and the answer is that we were in Vietnam. Well, we were not, but certainly the United States was. That is a signal that we have to think about our interests much more carefully than we have in the past.

There are some parallels between the current situation and 1989 to 1991, but one of the most important parallels is with 1975, when the Helsinki accords were agreed. They gave comfort to the people of the Warsaw pact countries, because President Gerald Ford and others insisted on including human rights as a key plank of the accords. We should remember that and think about what it did later. We need to give that type of comfort to the middle east and north Africa now.

The points that other hon. Members have made are worth embellishing. Democracy is a great thing, but the Foreign Secretary is absolutely right to say that we cannot rely on elections only—we also need democratic institutions, the rule of law and so forth. The Westminster Foundation is valuable in providing such help, but the EU needs to be willing to promote our values. Many hon. Members asked why the EU should show interest in the middle east and north Africa. The answer is that they are nearby, and we should have interests and links in nearby places.

Damian Collins: Will my hon. Friend give way?

Neil Carmichael: I cannot, because we have only five minutes left, and I know my hon. Friend the Member for Harrow East (Bob Blackman) wants to say a few words.

Developing economic links and ensuring that countries benefit from the opportunities of trade links and entrepreneurial activity is important. I have been to many countries in the middle east, including Morocco and Israel, and noted an interest in getting on with entrepreneurial activities, which we need to stimulate.

Interestingly, the shadow Foreign Secretary asked how Saudi involvement in Bahrain came about. I, too, wonder about that. Who invited the troops? Did the Saudis make the suggestion or was a request made? He was quite right to ask whether the Americans were involved. There is a danger in unilateral action; we need more collective and multilateral action, which is why I emphasised the role of the EU. We also need to work hard with other key nation states, notably America, but also those that neighbour north Africa and the middle east. In that respect, should Turkey, whose geopolitical role we need to think about carefully in this context, be involved?

I firmly believe that we need a two-state solution to the Israel-Palestine problem. Nothing less will do, and we must ensure that we encourage the US to think in the same terms. It was refreshing to hear other hon. Members say that the 1967 boundaries should, broadly speaking, give or take, be respected. The truth is that the Israelis, who must be fed up with wondering who will attack them next, will also benefit from a solution. We must make it abundantly clear that they need the security that will come from a two-state solution.

Obviously, things are moving fast in Libya and, worryingly, Colonel Gaddafi's forces are moving towards Benghazi. I am not convinced that a no-fly zone will happen, and nor am I convinced that it would necessarily work, because there is an awful lot of ground activity rather than air activity. However, we must learn lessons. Our attitude to such crises must be based on a willingness to construct coalitions. We must also learn how to deal with such situations in future, because in some respects we have failed to act quickly enough.

However, we should never think that interventions should happen just because we feel like it. We must ensure that people in the countries involved want us to be there. This country, other EU members and other active nation states, but above all states in north Africa and the middle east, should encourage that.

5.25 pm

Bob Blackman (Harrow East) (Con): The situation in the middle east and north Africa is the most challenging and tumultuous for more than 30 years. Our Foreign Office team faces a great challenge in dealing with countries emerging from dictatorships that, for whatever reasons, Governments of both political persuasions have had to make deals and arrangements with. As a result, the people who have rebelled against those dictators have a natural distrust of Britain, the United States and other western powers. The challenge for our foreign policy, as we develop it over the next few weeks and months, is to ensure that it embraces the people who will be forming the next Governments in these countries.

I believe that Iran's Government have had a long-standing aim to be the central, dominating power in the region. Western policy used to be that Iraq and Iran balanced each other out. As colleagues know, more people were killed in the wars between Iraq and Iran than in the first world war; both sides sacrificed their personnel by throwing them against each other. When our country joined the US in invading Iraq, we unbalanced the position, and now we have an Iranian state that wishes to pursue the nuclear option and to dominate the region. I was shocked when I heard that Iranian battleships had been allowed to use the Suez canal for the first time. It will start to make all countries in the region nervous about Iran's intentions, so we should make representations

[Bob Blackman]

to the new Egyptian Government to ensure that they do not allow Iran that free and unfettered access. The fear is that it will unbalance the countries in the region that we count on as allies.

Much of the debate on north Africa has been about Libya, yet we forget Tunisia, which depends on visitors. People there are suffering because the economy is shot to pieces, and it needs to rebuild and encourage visitors, yet people remain deterred from visiting. As a result, unemployment is high and the economy is in a state of shock. That needs to change.

My next remarks will concentrate on the situation in Israel and Palestine. Israel faces a challenge to develop a two-state solution with Palestine—a solution I wholeheartedly support—but on the northern border Hezbollah, armed by Iran, is preparing once again for a potential attack on Israel. The Israelis say it is only a matter of time before there is another war between them and Hezbollah, which could trigger other events. We have to put pressure on Iran to stop it arming Hezbollah in order to prevent those attacks.

On the west bank, the economy is growing well—it is developing far better than the British economy. Fatah and the Palestinian Authority are ready and willing to become a proper democratic state, yet in Gaza Hamas refuses to take part in elections. In this fledgling democracy, the party ruling Gaza refuses to participate in elections, so does not have a renewed mandate. We need to put pressure on the PA and Hamas to agree on elections, so that we can have a democracy under the PA that can negotiate with Israel.

Finally, on the situation in Israel, those who go to see Jerusalem will know that the security barrier has stopped suicide bombings and other attacks on Israelis and Arabs in Jerusalem, and that has to be good news. Although the security barrier looks unacceptable to the outside world, it has clearly solved the security problem. I look forward to the day when that security barrier is dismantled and all the people of Israel and Palestine can coalesce together. That is the challenge.

I will end with the issue that I raised in Foreign and Commonwealth Office questions earlier this week. The murder of the Fogel family in Itamar has made it much harder for Prime Minister Netanyahu to drive forward the peaceful settlement that we all seek. What we need to get across to the terrorists in Hezbollah, Hamas and Islamic Jihad is that their activities will never, ever succeed. They need to participate in a peaceful process leading to the two-state solution so that everyone can thrive.

5.30 pm

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): Last month I visited Israel and the west bank, and I refer hon. Members to my relevant entry in the Register of Members' Financial Interests.

We have had an excellent and wide-ranging debate, with a number of powerful speeches, in particular from the hon. Members for Mid Sussex (Nicholas Soames) and for Beckenham (Bob Stewart). I found myself in pretty much complete agreement with what both had to say. We have also had a number of interesting speeches from Opposition Members, including from my hon. Friend the Member for Ilford South (Mike Gapes), the previous Chair of the Foreign Affairs Committee. However, I should apologise to the hon. Members for South Thanet (Laura Sandys) and for Blackpool North and Cleveleys (Paul Maynard) and to my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) for not being in the Chamber for their speeches.

Members in all parts of the House have addressed the practical challenges that we as British politicians face in providing the support to build democracy in the middle east and north Africa. I want to echo what a number of hon. Members have said about the importance of the work of the Westminster Foundation for Democracy. There has been some discussion about the appropriateness or otherwise of drawing parallels with previous periods of our history. The Westminster Foundation for Democracy was born out of the collapse of the iron curtain and the Berlin wall, and it has done some important work in central and eastern Europe, Africa, Lebanon and other parts of the world. We in the Opposition applaud that work and see an opportunity for the foundation, working with similar European, American and other foundations in north Africa and the middle east, to provide practical support in building democracy, not just for elections, but for all the other aspects of democracy that hon. Members have described.

Quite understandably, hon. Members have referred to the history of the region and the mistakes that we and others have made. Let me say that because we have got things wrong in the past—and we have—that does not mean that we should not try to get things right in the future. It is not about the external imposition of democracy; it is about how we respond most appropriately to the demands of the people. My right hon. Friend the Member for Rotherham (Mr MacShane) made an important point about Parliament's role as an institution in supporting democracy, both in discussions such as today's debate and in all the practical ways that we can support the development of democracy in other parts of the world.

Crucial to that is the point that the hon. Member for Bournemouth East (Mr Ellwood) made about the failure of multilateral institutions in the past few weeks, and in particular the slow response of the United Nations and the European Union. There are significant lessons that we need to learn from these crises, both now, as a matter of urgency, and moving forward. The hon. Member for Croydon South (Richard Ottaway), the Chair of the Foreign Affairs Committee, spoke about the responsibility to protect. The crisis in Libya demonstrates that a great deal more work needs to be done to make policy on the responsibility to protect fully operational, otherwise it is, frankly, meaningless.

My hon. Friend the Member for Bolton South East (Yasmin Qureshi) challenged us to consider the grounds on which intervention should be made. She was absolutely right to remind us of the need for rigour in deciding when we should and should not intervene. We all have perspectives shaped by our own experience. For me personally, the failures of the international community in Bosnia and Rwanda in the 1990s shaped my outlook on many of the challenging issues that we now face. As I think the hon. Member for Beckenham said in response to my hon. Friend the Member for Bolton South East: where we can, we should. That is absolutely right. What we actually do is a whole other matter, and it will not necessarily involve military intervention. The discussions

on intervention on both sides of the House have tended to focus purely on the military, which has relevance, but it also involves broader diplomatic, economic and other forms of engagement.

Another important point made by a number of speakers was that there is no one-size-fits-all response to what is happening. The countries involved are very different from each other, with different histories, different political systems and different levels of development in their civil society. No two countries will require the same response.

Jeremy Corbyn: The one thing that most of those countries do have in common is that they have been the recipient of large amounts of arms sales. Most of them have trade agreements with the European Union, all of which contain human rights clauses. Those clauses have all been universally ignored. Does my hon. Friend not think that we need to be a bit more proactive on the legal front, particularly on human rights and arms sales?

Stephen Twigg: My hon. Friend makes a very fair point. Members on both sides of the House have referred to this matter today, and my simple answer to him is yes, we do need to have that debate. We need to look at how we can strengthen the existing codes, which, as he rightly says, refer on paper to human rights and other considerations. Those terms do not always seem to be kept to when arms sales are taking place.

Let me focus now on the middle east peace process. Several Members have referred to the appalling murders last weekend of the Fogel family in Itamar. I join them in deploring those wicked acts. As the Foreign Secretary said in questions earlier this week, we must respond to that appalling act by stepping up our efforts to reach out to the moderate majority of Israelis and Palestinians who really do want to see the two-state solution to which speakers on both sides of the House have referred today. This week, in Gaza and on the west bank, we have seen thousands of young people protesting for peace and national unity in Palestine.

I welcome the Government's decision to upgrade the status of the Palestinian delegation here in London to that of a mission. I echo the view expressed by a number of hon. Members that it is vital that Israel place an immediate moratorium on the building and expansion of settlements. It is equally vital that Gilad Shalit be released. These are the conditions that can create reconciliation and peace. I echo the views expressed by the hon. Member for Mid Sussex on the Arab peace initiative in his powerful speech, and I want to say to the Government that we see that initiative as central to the prospects of moving forward in this crucial period for the middle east peace process.

It is difficult in 15 minutes to do justice to all the elements of today's debate, but let me say something about Iran. In his opening speech, my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander) reminded us of the threat of Iran's nuclear programme, and invited the Minister to update the House on what work the Government were doing, with international partners, to increase the legitimate pressure on Iran to comply with UN Security Council resolutions. A number of hon. Members referred to Iran's negative role in exploiting Sunni-Shi'a divisions in the region and in supporting terrorism. Its support for Hezbollah in Lebanon and for the Taliban in Afghanistan were mentioned, and we must not forget the appalling domestic human rights position in Iran itself. That must remain high on our agenda.

On Libya, everyone who has spoken today has shared the feeling of revulsion at what Gaddafi has done and what we have seen on our television screens over the past few weeks. My right hon. Friend the Member for Paisley and Renfrewshire South asked a number of questions, to which I hope the Minister will respond, about the possible military, diplomatic and economic measures that could be put in place to make a difference to the situation on the ground in Libya.

These events since January—in Tunisia, through events in Egypt, Libya and parts of the Gulf—remind us, as a number of hon. Members have said, that democracy, human rights and freedoms are universal aspirations. We have witnessed the enormous courage of people across the middle east and north Africa in standing up against dictatorships. Ordinary people in the Arab world value democracy just as much as we do.

When I was in Israel and Palestine last month, I met young people in Nablus and Tel Aviv, whose passion for justice and freedom matched that of the young people we have seen on the streets of Cairo, Tunis and now Benghazi. For the Palestinian people, justice must mean a viable state based on 1967 borders with equivalent land swaps, appropriate security arrangements, Jerusalem as the capital of both Israel and Palestine and a just solution for Palestinian refugees. For the people of Israel, justice must mean true security, an acceptance that security is a real challenge for them and recognition by the Arab countries of the middle east of Israel's right to exist. I hope and trust that a democratic Egypt will reaffirm the peace treaty between Egypt and Israel.

What today's debate has demonstrated is the profound sense of solidarity felt by us in Parliament but, more importantly, by the people we are sent here to represent. Yet it is a solidarity, I would argue, that is tempered by a frustration at the weakness and inertia of international institutions. Almost 20 years on from the genocide in Rwanda, the United Nations has again been too slow to act. Two decades on from Bosnia, Europe has again been hesitant and divided. I would say to the Minister and to the Foreign Secretary as a matter of some urgency, that the British Government have an opportunity to lead a debate on making the responsibility to protect a practical, operational reality. Otherwise, it will simply be fine words on paper. We must also press our European partners to give practical support to help achieve democracy and self-determination across the region.

As a number of Members have said, stability has been the cornerstone of our policy in the middle east for decades; stability based on the suppression of freedom, however, is no genuine stability. It is in our national interest, as well as being morally right, for us to support democracy, strong civil societies and the protection of minorities across the middle east and north Africa. My right hon. Friend the Member for Rotherham made the point that this House has an important part to play in promoting these shared values. Today's debate has demonstrated that we are rising to that challenge.

5.43 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): I thank the hon. Member for Liverpool, West Derby (Stephen Twigg)

[Alistair Burt]

for his contribution, which has been absolutely up to the high standards we have seen this afternoon; I agree with much of what he said. I also commend the House for the excellent standard of contributions in these genuinely extraordinary times.

We began with an outstanding contribution by my right hon. Friend the Foreign Secretary, in which he analysed the broad sweep of events into the turn of the year. He then looked at the more immediate issues on which we urge or will an end to the violence, which prevents the establishment of the conditions necessary for the peaceful pursuit of legitimate aspirations and the chance of a response from existing Governments.

It has become a commonplace to recognise the events we are living through in north Africa and the middle east as a generational shift—a massive historical change in the Arab psyche. As my hon. Friend the Member for Mid Sussex (Nicholas Soames) noted, in what I thought was a succinct, deep and well-informed speech that set the tone for the debate, the stability we went along with for so long was frozen in time and nothing will ever be the same again. He is right; it will not.

My hon. Friend the Member for Croydon South (Richard Ottaway) said that history would ask whether we should have anticipated these events and what we could have done. I suspect that that will be a matter of debate for a long time to come as we examine all the ramifications. It should not go unsaid, however, that this countryhas persistently maintained in relation to many other countries—both publicly and privately, and often quietly—that although there may be different roads to stability, there are certain building blocks for democracy. It may not necessarily be a Westminster style of democracy, but key factors are freedom of expression and assembly, human rights, some form of representative system to express opinion, free trade, and peaceful relations with neighbours.

Equally, as has been recognised in several speeches today, the strategic needs of the United Kingdom have required, and still require, that we maintain relationships with Governments of many kinds, not all of whom have demonstrated the fullest adherence to international obligations or been free from problems with their own people. That applies to the region that we are discussing, and to other parts of the world. A number of Members have reflected today that these events provide an opportunity to reset relationships, and that must be true. The Prime Minister has referred to the "precious opportunity" that they have created, an opportunity that should be seized and not denied. I think that the House will re-examine those relationships with great excitement and genuine relish.

It is in that atmosphere of change, and recognition of change, that today's debate has taken place. Let me set the tone by making some key points before dealing in more detail with issues that Members have raised.

There must be a recognition of the sovereign position of the peoples in the region. This is not a west-inspired change; it is an Arab-inspired situation, locally driven and locally led. I too have met some of the young people in Egypt. I met some just last week who had been part of the Tahrir square protest, and who are now part of the national dialogue. Their style and commitment should give any of us in this place genuine hope for the future.

Our policy needs to be resilient. We need to remain on a crisis footing. Members did not linger on consular issues today, but they will be aware that some of the changes in the region have raised significant consular issues for the Foreign and Commonwealth Office, both here and overseas. In the main, that office has responded remarkably. There are tales all over the world of people who have been brought back to this country thanks to its extraordinary work and effort. I appreciated what the right hon. Member for Rotherham (Mr MacShane) said about that. However, we must remain alert to future emergencies.

We need to keep an eye on strategic issues, including immediate issues that may pop up. We have discussed the middle east peace process and Iran, and I will return to those subjects later. We need to continue to make a case for those building blocks for the future, based not on western values but, as the hon. Member for Liverpool, West Derby said, on universal values. We need to take account of the clearly expressed views of the Arab League. We must recognise that the case for Arab exceptionalism may now be weaker than it has ever been before, and that the tides of history affect all. We must also recognise that all countries are different, and will handle the pathway to reform in different ways.

Finally, we must build on relationships in the region. When we came to office, we recognised that both north Africa and the Gulf would repay closer attention. With the Gulf initiative and our activities in relation to north Africa, we sought to build and boost relationships. I do not think we expected then that quite so much attention would be focused on the Gulf and north Africa, but I think that both this Government and this Parliament are ready to meet the challenges.

I want to divide some of the issues that have been raised today into themes, and then answer some of the questions that have been asked. The broad sweep of the events in the region was mentioned by a number of Members, notably my hon. Friend the Member for Mid Sussex. My hon. Friend the Member for South Thanet (Laura Sandys) spoke with great passion about the opportunities for relationships between peoples that had been generated, and my hon. Friend the Member for Penrith and The Border (Rory Stewart) brought his experience to bear in discussing that broad sweep of events. More colleagues raised a number of these issues, but I have not mentioned them now as I want to try to refer to Members only once.

Several Members addressed future opportunities for the exercise of soft power. I am pleased that the Westminster Foundation for Democracy was mentioned by, among others, the hon. Member for Ilford South (Mike Gapes), the right hon. Member for Rotherham—again—and my hon. Friend the Member for Stroud (Neil Carmichael). When any of us visit any of the countries mentioned, we are struck by the extraordinary respect that there is for our language, the British Council and the Chevening scholarships, all of which help to create a relationship between peoples, and we can only see greater opportunities for them in the future. The House can rest assured that the Foreign and Commonwealth Office is alert to the opportunities that are available in this regard.

A number of colleagues mentioned specific countries. My hon. Friend the Member for North Thanet (Mr Gale) spoke of Tunisia. I recently met the ambassador, who is a first-rate ambassador for his country. We have spoken

to him about the opportunities for economic progress. My hon. Friend was right to say that the economics of what has happened is as important as the politics. A number of these countries—especially Tunisia and Egypt—have been greatly affected by the changes in tourism and other industries. It is essential that the work on the economic package that we are currently doing with our European partners bears fruit, and that support is made available. I can assure my hon. Friend that that is indeed the case. We have drawn up priority areas for our own bilateral support, and we are also working with the EU on new, more substantial financial packages, which are likely to be available in the new financial year. My hon. Friend's comments were well drawn.

On Morocco, we welcomed the recent statement by His Majesty the King, and the hon. Member for Islington North (Jeremy Corbyn) rightly drew attention to issues there, as he often does. Egypt was mentioned by my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips), and I want to turn briefly to that country as the shadow Foreign Secretary, the right hon. Member for Paisley and Renfrewshire South (Mr Alexander), made a number of remarks on it, and I am keen to respond.

The sense that I got from being in Egypt last week was one of optimism. I do not think there is any sense there that the military are looking to hang on to office. Indeed, the reverse is the case; I think they wish to push power back to the people as quickly as possible. There is widespread debate about the sequence of the elections. There is no firm timetable yet; indeed, there is no agreement as to whether the presidential should come before the parliamentary, and there is much talk about that.

There is a general sense of optimism in respect of the engagement between the politicians, and their relationship with those activists who were outside the Government, as well as the relationship between all of them and the military. Many things can go wrong, and there is concern about those who might have ties to the old regime seeking to create trouble between different communities such as the Muslims and the Copts, but the people seem to be alert to that. There is a lot of time still to go, but the signals from those with responsibilities were good, and I suspect any colleague visiting would pick that up.

The right hon. Member for Paisley and Renfrewshire South asked about asset freezes. The United Kingdom has been at the forefront of the arguments within the EU to take action on Egyptian requests to freeze the assets of several members of the former regime. A decision on that has not been taken, but we expect that a decision will be taken soon at EU level. As my right hon. Friend the Foreign Secretary suggested, the difficulty has been the lack of information that has been supplied by the Egyptian authorities. We need to see evidence of corruption as well as further information about the individuals in question, but that process is under way.

I have mentioned the election timetable. The right hon. Member for Paisley and Renfrewshire South asked about representations made in respect of political prisoners. We have continued to urge the authorities to respect fully human rights and democratic freedoms, including freedom of expression and communication and the right of peaceful assembly. On numerous occasions throughout the revolution we raised our concerns with the authorities about the mistreatment of journalists and human rights defenders, and during the Prime Minister's recent visit to Egypt he called on the Government to release all political prisoners and end the state of emergency. I think the right hon. Gentleman and I find ourselves in tune on that.

A number of colleagues mentioned the middle east peace process and issues affecting Israel and Palestine. My hon. Friend the Member for Mid Sussex raised the Arab peace initiative, and we support that. There is a huge sense of urgency in this House about the need to get an element of certainty introduced to an uncertain area. That is why we are working so hard to help both the Israelis and the Palestinians appreciate that seeking a settlement now, or at least getting the parameters set out, would be of such benefit to all. We have been working tirelessly on this over the past few months and we are not letting this ball drop just because people's minds have been distracted by other things.

Many colleagues, including my hon. Friend the Member for Hendon (Mr Offord), the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), the hon. Members for Liverpool, Riverside (Mrs Ellman) and for Bolton South East (Yasmin Qureshi), my hon. Friend the Member for Harrow East (Bob Blackman) and the hon. Member for Walsall North (Mr Winnick), spoke of some of the misery on both sides. This House knows of this catalogue of misery only too well, and what it does, whether we are talking about the Fogels or another group, is increase the urgency of finding an answer. This Government will press on that, with all parties, as much as we can.

Iran was mentioned by a number of colleagues, principally my hon. Friends the Members for Harlow (Robert Halfon) and for Harrow East, and we are all watching to see what exploitation there might be of the current situation. Despite everything else that is going on, we remain concerned about Iran's nuclear activities. Following the disappointing talks in Istanbul, which were sabotaged by the attitude of the Iranians, we are continuing not only to keep a door open, but to make clear suggestions that the tightening of sanctions will continue. They are having an impact and we all want that process to lead to an abandonment of the Iranians' desire for nuclear capability. Civil nuclear power is something that we all support and that can be controlled, but Iran must be open about its nuclear ambitions. It must open its doors and its books to the International Atomic Energy Agency in a way that it has not done before. It must come back to the open negotiating table of colleagues in order to reassure the world community.

Understandably, the no-fly zone and Libya dominated a great deal of what my right hon. Friend the Foreign Secretary and other colleagues said, and the concerns expressed echoed the warnings that the Prime Minister gave here just the other day. If Gaddafi were able to secure victory at the point of a gun and again dominate and terrorise his people, that would send out a sad signal. So far, the work that has been done to isolate and shrink that state, and warn it of the consequences, has had an effect: it has reduced the money that could have gone towards arms and it will have affected behaviour on the ground. However, as the troops advance, the urgency gets ever more acute. That is why the Foreign Secretary and the Prime Minister are working so hard, and why so much work is going on in New York today on the resolution. We are hoping that the urgency of the

[Alistair Burt]

situation will convince those who have been reluctant. Nobody should underestimate either the difficulty or the commitment that this Government have to see that through. We have heard the pleas of the people of Libya for what it is they wish to see and we, too, call on the international community to respond to the resolution that we have put forward with others and, crucially, with the support of the Arab League, to make some of this a reality. It is much needed and time is short.

We watch the situation in Bahrain with great concern. We know that the Government of Bahrain have been involved in a political dialogue, but that it has been stalled for a period of time. We are monitoring the situation closely. We call on all parties to exercise maximum restraint and avoid violence, so that a political dialogue can begin.

Arms is the only substantive topic that I have not really touched on, and I have only a minute in which to do so. The issue has been raised before, and the Prime Minister said the other day that although we have the most rigorous arms control legislation, which does require looking back and revoking licences when necessary, there probably are some questions to be asked. It must remain rigorous and colleagues are right to examine the issue in terms of the future. The regime will remain as rigorous as possible, not only to satisfy the legitimate desires of nations to defend themselves—this is an industry that we are able to supply well—but to ensure that neither internal repression nor regional conflict is supported.

The House of Commons has been thoughtful and informed this afternoon. It has expressed itself optimistic that the changes sweeping the region could be beneficial. We have said that we would desire such an outcome and that both bilaterally and with friends we will do all we can to will the means—economic, political and social—to make such an end possible. But we have rightly also been wary. Long experience of such matters in this place means that we would not be doing our job if we were not cautious and careful of what we wish for and of dangers that lurk around the corner. We have reasserted the values that uphold us, although we are not blind to our past or to the reality of the future. We seek to support those in other places who have the same wishes as us. The great thing about what has happened is that it is led by those in those countries who wish to see the freedoms and freedoms of expression that we have. We hope that we will stand by them. What the Prime Minister has called a "precious moment of opportunity" will be watched carefully at Westminster—

6 pm

Motion lapsed (Standing Order No. 9(3)).

Medway City Status

Motion made, and Question proposed, That this House do now adjourn.—*(Miss Chloe Smith.)*

6 pm

Rehman Chishti (Gillingham and Rainham) (Con): Thank you, Mr Speaker, for choosing my topic for this debate. I declare my interest as a councillor on Medway council. Since I became the Member for Gillingham and Rainham, I have, as I am sure hon. Members know, keenly spoken about my wonderful constituency and the wider area of Medway—a place that is less than 30 miles from the House. After all, it is the place where I went to school, grew up and, of course, still live. It is therefore no wonder that I am a passionate advocate for the Medway area and strongly support its bid to become a city during the Queen's diamond jubilee year in 2012.

Anyone who visited Medway would fully understand why. It is not only a place with a fantastically rich history and heritage, but an innovative and growing area that is going places with a great future ahead of it. Medway consists of the towns of Chatham, Gillingham, Rainham, Rochester and Strood, as well as the internationally renowned Hoo peninsula. All those places are interwoven by one thing: the River Medway, a place that, over the centuries, has been the setting for an awe-inspiring history.

Medway has Rochester castle, which was built in the 13th century for the Archbishop of Canterbury and is one of the finest examples of a Norman keep anywhere in the country. It has Rochester cathedral, which is England's second oldest cathedral, built in the 7th century. If we move along the river, there is Upnor castle—an Elizabethan fort built to defend naval ships from attack by the Dutch, mind you, as they sailed past it to burn the English fleet at anchor 70 years later, it could be said that it was not exactly the finest example of public money being spent on a successful infrastructure project.

There is also, of course, the naval dockyard, a place that has provided men and arms during the ages of sail and steam and in more recent times. For example, Admiral Nelson's flagship HMS Victory was built there and the old sea dog himself lived there. The Chatham naval dockyard used to be one of three royal naval dockyards in England, with the others at Portsmouth and Plymouth—two places that already have city status. In the 1980s, Chatham dockyard closed and tens of thousands of people lost their livelihoods. As I am sure the House will understand, that was a devastating and bleak time for the whole area. Many people thought Chatham and the wider Medway towns would never recover, but the people of Medway are a resourceful and resilient lot, who, after a period of shock, picked themselves back up.

Even though no one at the time would have imagined that Medway could have recovered from that awful milestone in its history, it has shown it can do more than that and has exceeded all expectations. Since the closure, Medway has been transformed. St Mary's island and the Chatham docks have been successfully regenerated and more is to come along the Rochester riverside and in Chatham town centre, where regeneration work continues despite the recession.

We have seen major growth companies starting up in Medway over the last few decades and four universities have also come together in a unique partnership at a shared campus that caters for more than 10,000 students. The figure is set to grow. With the new high-speed rail links, its close proximity to the capital and Kent's major ports, it also has fantastic transport connections.

We are proud of our close historic ties with the armed forces, including, of course, the fact that Chatham was at the forefront of British naval history for centuries, as well as our association with the Royal Engineers, based at Brompton barracks. That rich association led to the area being the first to host the national armed forces day in 2009.

Medway also offers a diverse range of sporting and cultural events, thanks to its new centre for sporting excellence, Medway Park, an Olympic training ground based in my constituency, and our excellent calendar of activities, which include cutting-edge art festivals and celebrations of Charles Dickens, who moved to Medway at the age of five and based part of his novel "Great Expectations" and his unfinished work "The Mystery of Edwin Drood", there. We are also home to Kent's only league football club, the mighty Gills, which I know will get promoted this year. Who knows—one year they might be in the premiership. I am told that Medway has more days of free festivals than any other area in the south-east outside London and I think it is fair to say that Medway is a city in all but name—a place with a rich heritage that is going places and that undoubtedly has a great future.

Over the past few decades, much of our regeneration work has benefited from Government funding, but with the huge national deficit the country now has, much of that funding is no longer possible. Medway council realises that and is acting in a thoroughly pragmatic way. Not only has it just approved, through careful and concise planning, a balanced budget for the next financial year, but it has found savings while protecting all its front-line services. Recently, the council's leader, Rodney Chambers, has spoken of the need to bring more inward investment to Medway. He said that city status would present Medway with a "golden opportunity" to up its profile and bring that about.

Businesses across Kent agree. Medway's bid is backed by Arriva, BAE Systems, MHS Homes, Asda, Sainsbury's, Christian Salvesen, Swain Haulage, Hochiki Europe, Peel Ports, Nordic and Ward Homes to name just a few. My hon. Friend the Minister will know that some of the hardest people to win over in any debate are our friends in the media. That is why I am particularly delighted that Medway's bid is also backed by the *Kent Messenger* group, which publishes the south-east's biggest-selling weekly regional newspaper.

Medway also plays host every July to some of the biggest names in UK music in our castle concerts. Last summer, Medway's city status bid was backed wholeheartedly by stars from Status Quo to Will Young, The Saturdays and Diversity, but support from celebrities, businesses and the media is not enough. It is also important that people living in Medway back the bid for city status. That is why I am pleased to tell the House that I know, from the many conversations I have had with people living in Medway, that the idea of the area becoming a city in recognition of Her Majesty's diamond jubilee is definitely a popular one. A Medway council opinion poll has shown that more than two thirds of people in Medway are in favour of the bid. They recognise that being honoured with city status next year by Her Majesty would give it the greater national and international profile it deserves, putting it back on the map.

People elsewhere in the country might know about the five towns that make up Medway, but they might not realise that those towns make up the largest conurbation in the south-east outside London, or that it has great links to London and continental Europe. City status would give Medway new opportunities to present itself as a great place to do business. I know the area could attract more inward investment to increase job prospects for young people by providing them with more good, quality local jobs. I am aware that Medway has a number of competitors for city status in 2012, many of which have some of the things that make a great city but none of which has the full range of qualities of Medway. I have said it before and I will say it again: Medway is a place with a rich heritage and a great future, and I believe in recognition of that it should be honoured next year with city status.

6.9 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I congratulate my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti) on securing the debate. He follows the recent example of our hon. Friend the Member for Southend West (Mr Amess) in securing an opportunity to debate his area's hopes of winning the diamond jubilee city status competition. As I said in that debate, other hon. Members will note this mechanism for promoting the bid of their constituency or area for city status. I am sure, Mr Speaker, that you and your team of Deputy Speakers will have the opportunity to hear about many more interesting bids over the coming year as we travel around our United Kingdom.

I understand that my hon. Friends the Members for Chatham and Aylesford (Tracey Crouch) and for Rochester and Strood (Mark Reckless)—the other two Members whose seats contain parts of Medway—share the views of my hon. Friend the Member for Gillingham and Rainham, but unfortunately they could not attend the debate because of pressing constituency engagements that they had previously arranged. I spoke to my hon. Friend the Member for Chatham and Aylesford this morning, so I know that she agrees with many of the views that my hon. Friend the Member for Gillingham and Rainham expressed.

I welcome today's manifestation of Medway's intention to apply for city status, which gives us an indication of the interest and enthusiasm that the diamond jubilee competition has aroused throughout the United Kingdom. Some people have tried to cast doubt on the legitimacy of a bid from a local authority area such as Medway, which contains within its borders a number of towns and rural areas. It is therefore worth saying that I can confirm that the local authority is welcome to apply, as are others like it. Medway's entry will be fairly and impartially considered alongside all those received. The only absolute requirement, which applies everywhere but Scotland, is that an applicant local authority must want the whole of its area to be made a city. The position is different in Scotland for historical reasons and because of the way local government works there.

[Mr Mark Harper]

I shall give my hon. Friend the Member for Gillingham and Rainham an example of a similar area, although I hope he will forgive me for mentioning it because this area and Medway were in competition before. Brighton and Hove became a city in a previous competition, so it was not Brighton alone that became a city but the entire local authority area. Brighton and Hove is a good example for Medway to follow, given that its bid was successful. We understand that Medway council intends to bid on behalf of the entire local authority area and we welcome that intention.

Medway has something unique about it, because as well as the towns of Chatham, Gillingham, Rainham and Strood, the surrounding rural areas and the Hoo peninsula, Medway includes within its borders a former city. It is well known that Rochester had the misfortune to lose its ancient city status in 1998 following local government reorganisation. Given that Rochester does not have its own council, it would not be allowed to apply by itself for this competition, but a bid from Medway council for the entire area of Medway will be very welcome.

Rehman Chishti: The Minister acknowledges the unique nature of Medway and Rochester's former city status. Does that mean that he will look on Medway's bid more favourably?

Mr Harper: I am afraid that I will have to disappoint my hon. Friend. The Government will look fairly and impartially at all bids that meet the rules, and eventually we will make a recommendation to Her Majesty the Queen on the grant of city status in her diamond jubilee year.

My hon. Friend set out well the area's claims and some of its history. He talked about its business and culture, and concluded by setting out the public support for the bid. He and other hon. Members will understand, however, that I cannot endorse or support Medway's aspirations, exactly as I could not support those of Southend. Indeed, my right hon. Friend the Prime Minister had to refuse to support the claims of Ballymena, even though the hon. Member for North Antrim (Ian Paisley) tempted him to do so. Ministers will remain impartial, as we must, to ensure that city status continues to be a real honour that is fairly bestowed, and that the diamond jubilee competition remains a real competition all the way to the end.

We know that local authorities in all parts of the United Kingdom are compiling their entries, or looking at the guidelines on the Department for Culture, Media and Sport's diamond jubilee website so that they can decide whether to apply. All valid entries that reach the Cabinet Office by the closing date of 27 May will be fairly and impartially considered, and I look forward to Medway's being among them.

Question put and agreed to.

6.14 pm

House adjourned.

House of Commons

Friday 18 March 2011

The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Dr Thérèse Coffey (Suffolk Coastal) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

Question negatived.

Wreck Removal Convention Bill

Bill, as amended in the Public Bill Committee, considered.

Third Reading

Queen's and Prince of Wales's consent signified.

9.35 am

Dr Thérèse Coffey (Suffolk Coastal) (Con): I beg to move, That the Bill be now read the Third time.

After that comedy of errors, it is appropriate that it is red nose day today. I will open with a quick question. What do you find lying on a seabed shivering? The answer is a nervous wreck. Perhaps I am a bit of a nervous wreck because I finally get to speak to the Bill that stands in my name.

I am delighted to have the opportunity to introduce this Bill. In my constituency, which contains the premier port of Felixstowe, large ships, including many cargo tankers, as well as container ships, are a feature on the horizon looking out across the North sea. However, they also bring to mind the risk of the greatest possible casualty for any marine vessel and any mariner—a shipwreck. Although the seas can be a dangerous place, we are justly proud of our record in this country in preventing accidents and dealing with those that do occur.

However, complacency is no place to be, and we have an opportunity through this Bill to implement the International Maritime Organisation's international convention on the removal of wrecks. The underlying principle of that convention is that the liability for removing wrecks is placed firmly with the shipowner rather than the British taxpayer. The wreck removal convention is a new international instrument negotiated by the previous Government, and primary legislation is required to implement it. I commend this to my hon. Friends because it is not a European competence; the powers of this House are required to initiate this important law.

The Bill's provisions will be enacted only if nine other nation states ratify the convention. One state has already done so, and eight have proceedings under way. I believe that the United Kingdom Parliament, by enacting this in due course, will lead as an example to other nation states in encouraging them to get on with it and put this important convention in place.

Mr William Cash (Stone) (Con): I congratulate my hon. Friend on having found a piece of legislation that is not a European competence.

Dr Coffey: I thank my hon. Friend for that. One can imagine that I picked my Bill carefully so that it was not a money Bill and required our primary competence.

Sir Peter Bottomley (Worthing West) (Con): Is it not correct that if my hon. Friend were to take all the possible provisions that she could have promoted in the House on a random basis, there would be a seven out of eight chance that she would pick something that was not a European competence?

Dr Coffey: That may well be true, but when I came to choose my Bill I wanted something that was relevant to the people of my constituency and to the United Kingdom, and I am proud to have done so.

Why does this Bill matter? A wreck can cause a number of problems. It may constitute a hazard to navigation, potentially endangering other vessels and their crews. It may block a port, which would be highly damaging to our country's trade, as well as to offshore infrastructure such as oil rigs, buoys, wind farms and similar. It may cause substantial damage to the marine and coastal environments, both of which are precious. It can also be exceptionally expensive to deal with. Currently, there is no requirement for a shipowner to remove a wreck or pay for its removal, except in specific cases of pollution, where the Secretary of State can already act. Even then, however, the cost of recovery is not guaranteed. The UK has no powers to act on UK and non-UK ships outside its territorial seas, except in circumstances of pollution within the UK's pollution zone.

Let me offer in support of the Bill two examples of recent incidents. In 2007, MSC Napoli, a UK-registered container ship, suffered flooding in her engine room during severe weather conditions. Due to the risk of pollution, SOSREP—Secretary of State's Representative—an agency of the UK Government, in conjunction with the French authorities, used its emergency powers to intervene. To date, the Government's costs in dealing with this wreck are approximately £2.8 million, which they do not expect to be able to recover in full. If this convention had been in place, we could have done so.

A second example, which is a bit closer to home for me, is that of the Lagik, a non-UK registered ship that was grounded on the River Nene in 2000. A combination of the weight of the ship and the cargo of steel broke the ship's back as the tide ebbed. It was declared a total constructive loss. That incident closed the port of Wisbech for 44 days. I dread to think what would happen if the port of Felixstowe was closed for a similar length of time. The Lagik was abandoned by her owners, so the task fell to the Government and their agencies at a cost of about £1.25 million. Despite attempts to recover the costs through legal action, not a single penny has been recovered. Again, that would not have been the case if the convention had been in place.

Mr David Nuttall (Bury North) (Con): I congratulate my hon. Friend on introducing the Bill. It clearly has the potential to save the taxpayer a great deal of money. Does it extend as far as covering the costs of consequential

damage caused by a shipwreck, such as that caused by the escape of its cargo, which could be oil and would thereby have a tremendous, adverse environmental impact?

Dr Coffey: I understand that consequential costs could also be recovered. There are already powers to deal with pollution, including oil spills.

The purpose of the convention and of the Bill is to lay primary responsibility for the removal of the wreck and subsequent clearing costs with the shipowner, while providing powers to the Secretary of State to act if the shipowner does not do so expeditiously.

The Bill requires ships of 300 gross tonnage and above to maintain insurance for this liability, which will be enforced through a wreck removal insurance certification scheme. I assure hon. Members that as soon as 10 nation states implement the convention, that will effectively become a worldwide requirement, so it will not deter boats from coming to UK ports. Importantly, the UK authorities will be given the power to take action to recover costs directly from insurers.

It is a great privilege to take a Bill through this House and I am happy to be doing so in my first Session. I hope that it will progress well in the Lords, and indeed in this place. My predecessor, Lord Deben, was never fortunate enough to be called in the ballot, so this is one small achievement that I now have as the Member for Suffolk Coastal. This is an important Bill and I commend it to the House.

9.42 am

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I congratulate the hon. Member for Suffolk Coastal (Dr Coffey) on bringing the Bill successfully to this stage. She said in her maiden speech, which I read yesterday, that you, Mr Speaker, had given her training in public speaking some years ago. Clearly it has paid off, because she did not come across as the nervous wreck that she joked about. She outlined clearly why the measure is important not only to her constituents, but to the UK. She also said in her maiden speech that she was often told on the doorstep that she had big shoes to fill in taking the place of Mr John Gummer, who had a distinguished career in government and in Parliament. In bringing this Bill forward, she has made a very good start in filling those shoes. There are not many Members who, in their first year of service in this place, have the chance to introduce a Bill, let alone to pilot one through successfully, if hon. Members will forgive the shipping pun. She has achieved that, so I commend her and pay tribute to her ability, tenacity and success in getting to this point.

I will be brief because, as the hon. Lady said, we supported this measure when we were in government. In Committee, the Minister said:

> "In line with the 'polluter pays' principle, the owner of a ship creating a problem should bear the costs."—[*Official Report, Wreck Removal Convention Public Bill Committee,* 7 February 2011; c. 4.]

The hon. Lady has reiterated that and we support that position. The adoption of the international convention by the International Maritime Organisation indicates the support of the shipping community worldwide. We are rightly proud to have the IMO's headquarters in London. Efthimios Mitropoulos, the secretary-general of the IMO, leads that organisation with great dignity and vision. He is a good friend to the UK, and is a good friend to the shipping Minister. He certainly was in my period in that office. My only query about the Bill is where we go from here. That was outlined by the hon. Lady, and I am sure that the Minister will say what timetable he anticipates for this measure being ratified and coming into international law.

The hon. Lady has done a service to the House and the country, and I congratulate her on bringing this Bill forward. We support Third Reading.

9.45 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): It is a pleasure to be here today. I did not get elocution lessons or speaking notes from you many years ago, Mr Speaker. Perhaps I would have done as well as my hon. Friend the Member for Suffolk Coastal (Dr Coffey) did a few moments ago if I had. We did, however, share many platforms together many years ago.

I, too, congratulate my hon. Friend on steering the Bill through so quickly. It has shocked some colleagues just how quickly it has progressed. It has done so because it has cross-party and international support. It is a very important measure. The International Maritime Organisation will be watching us closely—it is based only a short distance across the river. I hope that other maritime nations will also be watching, and will implement their part of the measure as soon as possible. It is imperative that we get the support of the 10 nations as soon as possible, so that the convention can be ratified.

This great seafaring nation has more than 10,500 miles of coastline, which we need to protect. Our coastline has many areas of outstanding natural beauty, as I have seen many times. Some of those are in my hon. Friend's constituency, which I know very well, and in the last few days I have been in the Western Isles and on Shetland, which have amazing beauty. We must ensure that we protect that beautiful coastline.

The Bill has the full support of the Government and the Opposition. I hope that it has a quick and safe passage through the Lords, to use another seafaring term. The key, as the shadow Minister said, is that we lead on this matter, and we intend to do so. I will speak to other seafaring nations in the next few days and urge them to push forward as fast as possible, as we have done. It is not for me to tell them how to do that in their Parliaments, but we must get to 10 nations as fast as possible to get ratification and implementation, because it is crucial that the polluter pays. We will do the work and clear up, but at the end of the day, the cheque will come from the polluter. This Bill will make sure of that.

I hope that the Bill passes speedily through the other place and that the other states that need to ratify the convention do so. The IMO has done a wonderful job to pilot the convention through, and the hon. Lady has done a wonderful job to pilot the Bill through the House in her first term, and I congratulate her on doing so.

9.48 am

Sir Peter Bottomley (Worthing West) (Con): I apologise for being in weekend clothes, Mr Speaker.

I congratulate my hon. Friend the Member for Suffolk Coastal (Dr Coffey) on her success with the Bill so far, and I welcome the words from both Front Benches. My seafaring experience is limited to seven weeks serving on a cargo ship coming back from Brisbane to Liverpool in 1963, so I do not claim that it is up to date. I was also the chairman of the parliamentary maritime group at one time.

The IMO has done well on this matter, and the convention will help. I pay tribute to our lighthouse, harbour and conservation authorities for the work that they do. If anyone thinks that we do not mark our wrecks at the moment, they are wrong. However, the convention will place an obligation on us and on others.

I think I will be permitted to say briefly that the biggest task of all is to prevent ships from becoming wrecks. There is the danger of collisions and other things going wrong because of the manning of vessels, especially at night in the busy channels. That often leads to wrecks—it is not only bad weather, but bad navigation. People who read the professional maritime press will understand the risks and dangers that have to be guarded against every hour of every day in every part of our waters.

There is the slight consequential problem that when there is a wreck and there are removal costs, the insurance requirement will be imposed only on vessels that come into our harbours or go to one of our offshore installations. My reading of the convention and the rules is that vessels that are making a passage will not have to have the certificate. I hope that at some stage we will be able to place that requirement on people passing through restricted waters as well. However, I welcome the Bill and the convention.

Question put and agreed to.

Bill accordingly read the Third time and passed.

United Kingdom Parliamentary Sovereignty Bill

Second Reading

9.50 am

Mr Christopher Chope (Christchurch) (Con): I beg to move, That the Bill be now read a Second time.

I am delighted to see in the Chamber distinguished colleagues who are members of the European Scrutiny Committee and others who have kindly agreed to support the Bill. My hon. Friends the Members for North East Somerset (Jacob Rees-Mogg) and for Bury North (Mr Nuttall) are two such Members.

I am delighted that, pursuant to the principle of parliamentary sovereignty, at 11 o'clock the Prime Minister is going to come along and tell Parliament about the implications of the European Security Council resolution last night.

Sir Peter Bottomley (Worthing West) (Con): UN, not European.

Mr Chope: The UN—I thought I said that.

Sir Peter Bottomley: No, you said "European".

Mr Chope: That just shows how they've got at me, doesn't it? I am going to tell the House later about some of my discussions earlier in the week in, dare one say it, Brussels.

The principle of parliamentary sovereignty means that the UK Parliament can enact any law whatsoever on any subject whatsoever, and can do so by ordinary legislation. That means that if the people want to change the law, their representatives elected to Parliament can do so. Likewise, if the people do not want the law to be changed, their parliamentary representatives can ensure that it is not. If the courts interpret laws that we have passed in a way that Parliament does not wish, it can change those laws.

This is still a hot topic, despite the lengthy discussions about it in this place when we debated the European Union Bill. To give a flavour of it, I shall give examples of the regular correspondence that I get from constituents on it. I have a letter dated 10 March, an old-fashioned holograph from a lady from Christchurch. She says that she is fed up with the way in which the British people are being overridden by the EU and disappointed by what the Prime Minister said in response to my hon. Friend the Member for Wellingborough (Mr Bone) about a referendum. She thinks that the sooner we get the British people a say in the issue, the better.

I have another letter, which came this Monday, which talks about the people's pledge and the desire for the voters of the UK to decide once and for all whether we should remain in the EU or leave it. In a sense, the purpose of the Bill is to ensure that we do not have to go through that process, because we in this elected House would be able to decide what we wanted and what we did not want in relation to EU legislation.

Mr William Cash (Stone) (Con): Under my hon. Friend's splendid Bill, would we also be able to overturn the vote against reaffirming the sovereignty of the UK

[Mr William Cash]

that the House took during the debates on the European Union Bill? Would it effectively put us back where we really belong?

Mr Chope: I am grateful to my hon. Friend and indebted to him for the work that he has done on this subject. This is but the latest in a series of Bills, many of which he has drafted. Of course, he knows the answer to his question, which is that if the Bill were passed, it would have the effect that he has described. I think the House and the country would be a better place as a result.

Sir Peter Bottomley: I may be anticipating a point that my hon. Friend will make later—he may just be clearing his throat and will turn to the contents of the Bill in a moment. May I take him to the last word of clause 1, which is "reaffirmed"? If the Bill is enacted with the words:

"The sovereignty of the United Kingdom Parliament is hereby reaffirmed",

will that change the current situation or leave it as it is?

Mr Chope: Arguably, it would leave it as it is. There was a debate on the European Union Bill about whether we needed to reaffirm our sovereignty. My concern, which I think was first expressed in the House by my right hon. Friend the Member for Wokingham (Mr Redwood), is: "If you don't use it, you lose it." The monarch—the Queen—is sovereign, but because she has not exercised her sovereignty for a period of time and is exercising it less and less, there comes a stage when people say, "You have given it up."

The concern that I and a lot of other Members have is that if we do not keep reasserting our sovereignty, we might suddenly find that an external body or court interprets that as meaning that, by default, we have conceded that Parliament no longer has sovereignty in various aspects of our country's affairs. That is why clause 1 is in the Bill. It may seem bizarre that we have to reassert that, but I believe that we need to do so because our Parliament is under continual assault from external organisations that are trying to interfere with our right to decide our own affairs.

Mr Cash: May I refer vicariously, through my hon. Friend, to the book written by Jeffrey Goldsworthy, which would give my hon. Friend the Member for Worthing West (Sir Peter Bottomley) an opportunity to catch up with the meaning that should be given to the words "parliamentary sovereignty"? It points out that the necessity to reaffirm that is becoming acute, for the reason that the European Scrutiny Committee's report published the other day stated clearly. Certain judges in the Supreme Court are strongly suggesting that parliamentary sovereignty has been qualified, and that they hold ultimate authority. That is a recent and extremely dangerous move.

Mr Chope: My hon. Friend is absolutely right.

Sir Peter Bottomley: I do not want to detain my hon. Friend, but it was not the beginning of clause 1 that I was questioning; it was the word "reaffirmed". I wonder whether the word "affirmed" or "exists" would have done.

In 1948, or sometime about then, when NATO was created, we agreed to give our sovereignty on starting a war to people who were then at Fontainebleau and later moved to Brussels. I do not mean that as an argument against my hon. Friend, and I am not opposing what he is trying to do, I am just trying to clear up what clause 1 actually means and why its last word matters.

Mr Chope: My hon. Friend asks why use the word "reaffirmed" rather than "exists". I have chosen that particular word, but other words could be substituted for it. I am not saying that it is the only word that could be used in clause 1 to convey the meaning that I wish to get across. I think it is a good word, and unless and until somebody comes up with an amendment that they think is better, I would like to keep it in the Bill. If my hon. Friend would like to join me in considering the Bill in Committee in due course, I am sure he will have the chance to move amendments and speak to them to explain why he thinks his choice of words is better than the words in the Bill.

May I take the House back briefly to the "Invitation to Join the Government of Britain", which was the title given to the Conservative party manifesto at the last general election? On page 114, under the subtitle "Promote our national interest—an open and democratic Europe", it is stated:

"The steady and unaccountable intrusion of the European Union into almost every aspect of our lives has gone too far. A Conservative government will negotiate for three specific guarantees—on the Charter of Fundamental Rights, on criminal justice, and on social and employment legislation—with our European partners to return powers that we believe should reside with the UK, not the EU. We seek a mandate to negotiate the return of these powers from the EU to the UK."

Mr Peter Bone (Wellingborough) (Con): I understand that the Ministry of Defence has had to pulp several books because it does not like them. Is it correct that Conservative central office has tried to pulp all the previous manifestos?

Mr Chope: I do not know, but I think my hon. Friend is perhaps a bit harsh. I hope that all Conservatives in this Parliament, who were elected on that manifesto, are trying their hardest to ensure that its words are implemented. My hon. Friend is in the forefront of trying to achieve that objective.

We were also promised in an informal meeting of the Conservative parliamentary party that there were red lines around our policy on Europe in the coalition agreement. We therefore believed that the words that I have just read out would not only remain part of the Conservative party manifesto but be inherent in the coalition manifesto.

I do not want to go back over the European Union Bill because we had long discussions about it, but recent events have brought home to me the fact that the gradual erosion of our sovereignty remains a live issue. We had a debate on Wednesday evening, which is, in a sense, unfinished business, because the Division is deferred to next Wednesday, about the fact that the Government have decided to use section 6 of the European Union (Amendment) Act 2008 so that the Prime Minister can agree to amend article 136 of the treaty on the functioning of the European Union next weekend to establish a permanent stability mechanism for the euro.

The hon. Member for Luton North (Kelvin Hopkins) made one of the most interesting interventions in that short debate when he asked:

"Would it not be more appropriate for an intergovernmental agreement to be reached among the member states of the eurozone, rather than have some change to the treaty on the functioning of the European Union?"

My right hon. Friend the Minister for Europe replied:

"It would have been possible for the member states of the eurozone to have come to such an intergovernmental agreement, but they chose not to do so."

Surely if member states want to set up intergovernmental arrangements centred around the euro and the eurozone, they should be allowed to do so. There is no reason for the Government, controlled by Parliament, to be dragged into that process. It then became apparent that Parliament was being asked to give the Government authority to negotiate away some of our powers because it was thought sensible for us to be party to an unnecessary treaty amendment. If it is not necessary, why are we doing it? How is that consistent with what was said in our manifesto?

Later in the debate, my right hon. Friend the Minister for Europe said:

"Should there be any suggestion of amending the draft decision at the European Council—there is no such suggestion from any quarter at present—".—[*Official Report*, 16 March 2011; Vol. 525, c. 422-24.]

However, as I said, I was in Brussels for three days at the beginning of this week and I picked up a copy of *European Voice*, a newspaper that circulates there. An article on page seven, under the headline "MEPs confident of getting say on bail-out mechanism", states:

"MEPs expressed optimism on...8 March that EU member states will accept their demands to link a permanent bail-out mechanism for the eurozone more closely to the EU institutions."

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I am curious about who publishes *European Voice*. Is it a paid periodical, something that the Commission publishes or something that circulates among MEPs?

Mr Chope: It may be all those—I do not know. However, I suspect that the people who ultimately pay for it are the hon. Gentleman and I through our taxes. Interestingly, on the same page, without comment or criticism, a paragraph states:

"MEPs vote to increase their own office allowances"

to €225 a year. Since that news item is included without any adverse comment, I suspect that the publication is associated with the European Parliament.

Mr David Nuttall (Bury North) (Con): Is my hon. Friend completely accurate? Is it €225 a year or a second?

Mr Chope: It is €225,000 a year. I got that in quickly because I feared that if I mentioned it too slowly, Mr Speaker, you might intervene and say it was not relevant to the debate.

Mr Speaker: Order. May I just say that the hon. Gentleman has been entirely relevant so far? He has nothing to fear.

Mr Chope: Accolades from Mr Speaker are always welcome in my heart.

The article continues:

"The European Parliament's constitutional affairs committee on Monday (7 March) gave its backing to a limited EU treaty change to incorporate the European Stability Mechanism into the EU treaty, only on condition that the new system is kept 'as close as possible' to the EU system, with the involvement of the European Commission and the Parliament."

Basically, we are in a position whereby our Government are telling Parliament that the stability mechanism is solely to do with eurozone members and asking for authorisation for a treaty change, but the European Parliament is saying that the consequence of that change is giving the European Commission and the European Parliament a say over something that our Government tell us has no relevance to the United Kingdom.

Mr Cash: I do not know whether it is any consolation to my hon. Friend, but under the arrangements, the European Parliament has a right only to be consulted in that respect. However, it is pressing hard and I doubt that he has missed the fact that it deliberately moved consideration of the question to the date—24 and 25 March—when the European Council meets to exert pressure on it. Its ambition to get control and to insist on the Community method knows no bounds.

Mr Chope: My hon. Friend's suspicions are well founded and backed by the facts that he gives the House. As we speak, moves are afoot on that issue.

I wish to address the remainder of my remarks to another matter—the admission of the European Union into the European convention on human rights. Page 113 of the Conservative manifesto states:

"We will never allow Britain to slide into a federal Europe."

Yet article 6 of the Lisbon treaty and article 59 of the European convention on human rights as amended by protocol 14 provide for the European Union to accede to the European convention on human rights. On that basis, the European Union would become a non-state contracting party to the convention. It is said that it would be entitled to have a European Union judge, joining the other 47 judges from the member states of the Council of Europe, to adjudicate on issues relating to interpretation of the convention.

Clearly, that is not some innocuous move whereby the European Union submits to the European convention on human rights because it thinks that it is a good thing and desirable that European Union institutions should comply with the principles laid down in it. The European Union clearly has it in mind to put its toe in the door—or, perhaps more appropriately at this time of year, to be a cuckoo in the nest—and effectively drive out the convention and replace it with its own charter of fundamental rights, administered by the European Court of Justice.

If one looks back, one sees that the first reference in European Union law to fundamental rights was in article 6(2) of the 1992 Maastricht treaty, which provides that the European Union

"shall respect fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms...and as they result from the constitutional traditions common to the Member States, as general principles of Community law."

[Mr Chope]

Of course, no one would quarrel with that because it basically enunciated that there is no difference between the European Union law and approach to fundamental rights and the approach of the European convention on human rights. However, since then, the EU has developed its interpretation of those fundamental rights far in excess of what was originally thought reasonable.

Mr Nuttall: Is there not the danger that the EU will allow nationals of foreign states to vote in our general elections?

Mr Chope: My hon. Friend has a point—that is part of the European charter of fundamental rights. Thinking along those lines caused one of the witnesses to the Select Committee on Political and Constitutional Reform last month to say that even if we won the day against the European convention on human rights on prisoner voting, we would find a case brought against us by the European Court of Justice—the EU would prosecute us through the ECJ for failing to comply with the fundamental freedoms it has laid down. In the same way, the bizarre ruling the other day will result in my 21-year-old daughter paying a much higher insurance premium for driving than the marketplace says she should pay. How absurd is that? That is another example of the way in which the EU uses its institutions to continue to interfere with what should be our domestic law.

Mr Cash: Both the charter of fundamental rights and the European convention on human rights, in their differing judicial aspects—the ECJ and the European Court of Human Rights—impinge on UK sovereignty. Is my hon. Friend aware that the Lord Chancellor himself took part in a European Committee two or three days ago? He and I had an interesting altercation on his assertion that the incorporation of the charter of fundamental rights does not change anything very much. However, for all the reasons that my hon. Friend is giving, to which I referred in that debate, the incorporation makes a substantial difference because it concentrates a mass of precedence from the European Court of Human Rights in the charter, and is thereby adjudicated by the ECJ.

Mr Chope: I am grateful, as always, to my hon. Friend—he is absolutely right.

Tom Brake (Carshalton and Wallington) (LD): Does the hon. Gentleman agree that it is possible for a 21-year-old woman to have an appalling driving record and for a 21-year-old man to have an exemplary driving record, and therefore that their insurance premiums should be based on their driving habits?

Mr Chope: My view is that such issues should be sorted out in the marketplace by the people who provide driving insurance. If an insurance company takes that line—I am sure that some do—why can it not be given the freedom to do what it wants in the marketplace? It is absolutely outrageous that a foreign court and not even a British one should try to dictate to us how our insurance industry, which I think is the best globally, should respond to particular risks.

I note that the hon. Gentleman thinks that that is a good thing, which is in tune with the big advertisement from the Alliance of Liberals and Democrats in Europe that appears on the back page of the newspaper to which I referred. The advert says how important it is for more power to be taken away from parliamentarians and given to the European Commission and states:

"Europe needs a community not a pact".

It goes on about how important it is for member states to

"act in unison under the leadership and direction of the European Commission",

that there is every evidence that an intergovernmental approach does not work and that the community method is much better. I give full marks to the hon. Gentleman; he is fully in tune with the thinking of European Union Liberal Democrats, but I must tell him that I am fully opposed to all that.

Tom Brake: May I reassure the hon. Gentleman that Andrew Duff and I differ on certain European matters?

Mr Chope: Perhaps we will explore those points of difference, but I note what the hon. Gentleman says.

Sir Peter Bottomley: Having listened to the exchange between you, Mr Speaker, and my hon. Friend, I think it would be in order for him to refer again to a proposal in his Bill. Clause 3, "Judicial notice"—a heading that might be explained—mentions "any rule of international law" in subsection (b). The first debate this morning was a debate on the Wreck Removal Convention Bill. If enacted, that will bring a convention—a piece of international law—into domestic law. How do we avoid a referendum on that under the terms of the United Kingdom Parliamentary Sovereignty Bill?

Mr Chope: Under this Bill, we would not need to have a referendum on the international convention on wrecks any more than we would on any other convention. Clause 2 says that referendums will apply to the implementation of legal instruments that increase the function of the European Union affecting the United Kingdom.

Sir Peter Bottomley: That is the assertion that I am sure is in my hon. Friend's mind, and not one with which I would necessarily disagree, but the Bill does not say that. It reaffirms

"the sovereignty of the United Kingdom Parliament; and for connected purposes".

Clause 1, which we have discussed, states:

"The sovereignty of the United Kingdom Parliament is hereby reaffirmed"

for one reason or another. However, clause 2 states:

"No Minister...shall make or implement any legal instrument which...is inconsistent with this Act"—

alternatively, not additionally—

"without requiring it to be approved in a referendum of the electorate in the United Kingdom."

It was clearly explained earlier—I think my hon. Friend was in the Chamber—that if the Wreck Removal Convention Bill becomes an Act and the convention becomes international law, ratifying the convention will make international law apply to us without our Parliament

having done anything more. I leave that question with him. If he does not have the answer today, perhaps he will write to me afterwards.

Mr Chope: Perhaps we will deal with that in Committee. I admit to being present during the fantastic speech made by my hon. Friend the Member for Suffolk Coastal (Dr Coffey) in support of her Bill, but I must admit that I was not following every iota of its content, so I am not sure whether what has been said on her behalf by my hon. Friend the Member for Worthing West (Sir Peter Bottomley) is a valid objection to or criticism of my Bill.

Despite my hon. Friend's intervention, I will not be diverted from finishing expressing my concerns about the proposals for the admission of the EU to the European convention on human rights. Fortunately, my understanding is that our Government have a veto, and its details are being discussed at intergovernmental level—certainly by the Committee of Ministers of the Council of Europe this week. I hope that the Minister will realise after this debate that we need to be alert and concerned about the implications of what is happening.

I say that because on 19 May 2010, the European Parliament passed a resolution on what it described as

"the institutional aspects of the accession of the European Union to the European Convention for the Protection of Human Rights and Fundamental Freedoms".

Like most such resolutions, it is rather too long for most of us to bother to read—it runs to several pages—but I want to draw the attention of my right hon. and hon. Friends to paragraph K on page 2. It states that the European Parliament stresses that

"the main arguments in favour of accession of the Union"—

the European Union—

"to the ECHR...may be summarised as follows: accession constitutes a move forward in the process of European integration and involves one further step towards political Union".

If that is the interpretation put on it by the European Parliament, we need go no further than getting a commitment from the Government today that they will not support this, and that in discussions on it they will play hardball, rather than the softball they have been playing up to now over EU powers.

The resolution also states that

"while the Union's system for the protection of fundamental rights will be supplemented and enhanced by the incorporation...into its primary law, its accession to the ECHR will send a strong signal concerning the coherence between the Union and the countries belonging to the Council of Europe".

It is actually nothing short of an attempted takeover. My hon. Friend the Member for Stone (Mr Cash) will probably be alert to the point at which the resolution states that

"accession will also compensate to some extent for the fact that the scope of the Court of Justice of the European Union is somewhat constrained in the matters of foreign and security policy and police and security policy by providing useful external judicial supervision of all EU activities".

This is all part of the creep and incrementalism of the EU as it tries to put its finger into everybody's pies.

Mr Cash: Given that the Prime Minister is coming to the House in about 40 minutes, will my hon. Friend bear it in mind that in the context of the matters to which he has referred—foreign and security policy and so on—it is woefully apparent that the EU had absolutely nothing to offer other than obstacles in dealing with the question of a no-fly zone, or indeed any other matter relating to Libya?

Mr Chope: That is absolutely right. Of course, we know that at the Security Council key members of the EU—France and this country—voted one way, but the Germans did not support us. They did not support us in the Security Council, but that is not the end of our friendship in Europe, and I do not think that our Government should be saying that if they do not do everything that German Governments want to do in Europe, it will undermine European solidarity. It is possible for sovereign countries to disagree on these issues.

At the European Parliament on Monday, I attended a meeting that included Mr Duff, to whom the hon. Member for Carshalton and Wallington (Tom Brake) referred earlier. It was a meeting of about half a dozen Members of the European Parliament and half a dozen Members of the Parliamentary Assembly of the Council of Europe to look into the details of EU admission to the ECHR. Important questions were posed to which no answers were given. For example, at the moment, a number of EU countries have opt-outs from various parts of the European convention or its protocols, yet the EU is proposing to sign up to the convention in toto and to its protocols. To what extent does that mean that the EU member states that have taken a different view of particular provisions of the European convention will find that, notwithstanding their reservations, they are bound into that regime by the fact that the EU has joined the ECHR?

At a time when we are concerned about prisoner voting rights, for example, and about the administration of the Committee of Ministers of the Council of Europe—will it accept our right to have a bit of latitude in the interpretation of the treaty, or will it insist on forcing through the exact terms of the judgment?—it has been proposed that the EU should join the Committee of Ministers. There is also a proposal that the European Parliament should join in part the PACE, even though the Council of Europe treaty that set up the Council in 1949 expressly provides that the members of the Parliamentary Assembly should be elected parliamentarians from the member countries that join the Council of Europe. The EU is not a country and is not signing up to the Council Europe; it is only seeking to sign up to the ECHR.

I cannot go into all the details now. However, I want to draw my hon. Friend the Minister's attention to exactly how grave and serious the issue is and how much it threatens to undermine his and the Government's position, which is to ensure that we do not cede any more sovereignty to European institutions. Indeed, we ought to try to regain control over issues such as the fundamental rights convention and the Fundamental Rights Agency, which we want to bring back under this Parliament's control. I know that a lot of other people want to join in this debate, but may I just say that the Bill would be a useful way of ensuring that this Parliament has its voice? This Parliament needs to do what the MEPs are doing against us. On every single occasion, they try to extend their remit, so that they have more control. We in this Parliament should increase our power and ensure that we have greater control over what his happening in our name.

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): So far, my hon. Friend has concentrated his speech largely on the EU and the ECHR. However, I would like to pick up on the point made by my hon. Friend the Member for Worthing West (Sir Peter Bottomley). Does my hon. Friend the Member for Christchurch (Mr Chope) intend to address clause 3(b), which talks not only about European institutions, but about international law and all of Britain's other treaty and international obligations, which would be affected quite dramatically by the Bill?

Mr Chope: Frankly, I was not going to, but if my hon. Friend is going to use clause 3(b) as a justification for not supporting my Bill, and if he thinks that it should be excluded and that the ambit of the Bill is too wide, I will allow him to dilate on that at length, if need be, during his remarks. I am a perfectly reasonable person, and if he thinks that clause 3(b) goes too far, I might be amenable to an amendment to delete it.

Mr Cash: I think that the Minister might be in grave danger of misunderstanding the Bill's provisions. It does not say that it will override any international law; all it says is that, under clause 2, if there is any question of an increase in the functions of the EU affecting the UK or if a legal instrument is inconsistent with the Bill, the judiciary would not be able to invoke any rule of international law in order to frustrate that provision. However, we could discuss all this in Committee, as my hon. Friend the Member for Christchurch (Mr Chope) has rightly said.

Mr Chope: I am grateful to my hon. Friend for that intervention.

Sir Peter Bottomley: But is our hon. Friend the Member for Stone (Mr Cash) right? I am not sure that if we read the Bill from beginning to end, which is the way that I normally try to read Bills, we find that it says that. If my hon. Friend thought that he ought to curtail his speech—we thought he had just been clearing his throat—because others want to speak, or because he wants the Government to explain, I am sure we ought to stick by our normal conventions. I know that it is a rule but not a convention. My hon. Friend normally keeps the House going for quite some time when a private Member's Bill is being promoted, and the Minister does not always have time to complete his speech. I do not see why he should change the convention simply because my hon. Friend is promoting a Bill himself.

Mr Chope: My hon. Friend has failed to look at today's Order Paper and failed to notice that I do not have one Bill but several, and therefore I have a conflict of interest. If I speak too long on one Bill, I may jeopardise the chance of being able to speak on my next.

Mr Bone: Just before my hon. Friend concludes, I want to put in my bid to be on the Bill Committee. We have heard from several hon. Members that they want to be on the Committee, and I would like to add my name.

Mr Chope: I am grateful to my hon. Friend for that and for being one of the sponsors of the Bill, which is supported not just by me but by a lot of hon. Members.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I put in a bid for our hon. Friend the Member for Worthing West (Sir Peter Bottomley) as well?

Mr Chope: Okay.

Chris Bryant (Rhondda) (Lab) *rose—*

Mr Bone: He wants to be on it too!

Chris Bryant: No, this is an application not to be on the Bill Committee. I have heard these arguments so many times that I have no desire to hear them all over again, even if it would give us an opportunity to hear the whole of the Minister's speech on the subject. May I point out to the hon. Member for Christchurch (Mr Chope) that greed is a sin? Taking so many private Members' Bills on one day might be thought somewhat greedy.

Mr Chope: I have been accused of many things, but not greed. People who are frustrated legislators and willing to spend a couple of nights sleeping in the Palace of Westminster to queue up for their tickets may have the opportunity of having their Bills brought before the House. I hope that some of my other Bills on the Order Paper will be debated, not least my Local Government Ombudsman (Amendment) Bill. When I first put that title down last June, I had not anticipated that I would read in my local paper last Friday that the Hampshire county council health and safety people had interfered in the Beaulieu pancake race, so that it is now the Beaulieu pancake walk rather than race. I had not realised that my third Bill would be so relevant to a local story, but now it has a relevance above all else. I hope that we get a chance to discuss it.

Sir Peter Bottomley: I do not think that my hon. Friend should have taken the words of the hon. Member for Rhondda (Chris Bryant)—who is speaking for the whole of his party, I see—too seriously, partly because we should not accuse someone of greed during Lent, but also because the House should be grateful to my hon. Friend for bringing the Bills along together. It is no different from a group of MPs sharing a taxi: it is simply combining things. My hon. Friend is now talking about his third Bill. What about his second one?

Mr Chope: I will not talk about my second Bill yet. I hope that we will get a chance to have a proper debate on that.

10.34 am

Mr William Cash (Stone) (Con): I am little surprised to be called so early in the debate, not least because I have dilated on this subject on many occasions. [HON. MEMBERS: "No!"] Protests will not put me off doing so again.

I congratulate my hon. Friend the Member for Christchurch (Mr Chope) on introducing the Bill, not only because this is such an auspicious time, given that we are now in the midst of debating the European Union Bill, which is still in the other place, but because

of the continuing flow of, I have to say, clearly deliberate attempts by the coalition Government to throw doubt on the sovereignty of the United Kingdom Parliament, some of which have been diverted by the European Scrutiny Committee report. I am extremely glad to note that the explanatory notes to the European Union Bill have been changed, something that has not been mentioned publicly by the Government or the media. The explanatory notes on clause 18, or the so-called sovereignty clause, which we were able to demonstrate it was not, have been revised in the light of the European Scrutiny Committee report. I am glad that they have been changed to get rid of some of the Committee's gravest objections to how the Government were seeking to apply what is known as the common law principle. I do not need to go into all the detail because we debated it at great length.

Chris Bryant: The hon. Gentleman has referred to clause 18 of the European Union Bill, the so-called sovereignty clause. He will recall that amendments not passed in this House would have gone in the direction of this Bill. Would it not be bizarre if this House were to send two Bills to the House of Lords at the same time that were mutually contradictory?

Mr Cash: It would be highly desirable. This Bill would in fact succeed the European Union Bill in order. We know that any Act of Parliament that is subsequent to a previous Act and is inconsistent with it, particularly in the context of sovereignty issues, overrides the previous Act. Therefore, if this Bill were enacted—if it followed the European Union Bill—it would supersede it. It would thereby also have the great advantage of overriding the manifestly absurd and, I believe, completely unlawful motion—unlawful in constitutional terms—that was passed, which said that this House did not reaffirm the sovereignty of the United Kingdom Parliament. When I use the word "unlawful" in this context, I simply mean that the European Union Bill is still under consideration by both Houses. I am using that expression with regard to the constitutionality of the matter, but it is a very important question and I am glad that the hon. Gentleman has raised that point, because it is important that we get it straightened out.

I come back to the explanatory notes. The report that the European Scrutiny Committee produced, which was unanimous, particularly on clause 18, was based on evidence from pretty well all the pre-eminent constitutional experts on what sovereignty meant in the context of the European Union Bill and in general. There was complete unanimity that the Bill did not contain what was on the tin, that it did not confer sovereignty and that the provision was not needed. However, read in the context of the explanatory notes, the invocation of the common law principle, which is a very profound question that has been raging in academic circles and the establishment for a long time, has the effect of reinforcing the view expressed in certain quarters, particularly in certain parts of the Supreme Court, that the sovereignty of Parliament is qualified by the ultimate authority of the courts, which is not something that the public at large would agree with, to say the least, or, for that matter, that they even knew was happening. The expression "common-law principle" has now been taken out of the explanatory notes, which is a great victory for the European Scrutiny Committee and will help substantially to alter the position in the right direction.

I am not convinced that the argument has been completely resolved, but the discussions of the kind that we are having today are helpful in further removing any doubt about the question of the sovereignty of Parliament. That is because the sovereignty of Parliament is not a purely theoretical abstraction; it is to do with the practical application of law passed in this House and in the other place for the purpose of implementing legislative proposals emanating from the Government or other sources to reflect the views of the electorate. In other words, this is essentially a democratic question.

In cases in which European Union law, European Court of Human Rights law and European convention law contradict the wishes of the electorate, it must be made clear that the sovereignty of Parliament will override such provisions in a way that ensures that the wishes of the electorate are complied with, consistently with general election and manifesto pledges, irrespective of coalition agreements, and in a manner that guarantees that the electorate's views are not only understood but put into effect.

Mr Jenkin: I took part in the debates on the European Union Bill, and the European Scrutiny Committee is to be commended for what it achieved in setting the record straight that sovereignty was not a common law principle but a fact of history. However, what we proposed in that Bill, and what is being proposed here, is to put the word "sovereignty" into statute. My hon. Friend's Committee never took advice on that question, but we rather assumed that this would be a good thing to do. What does he say to those who are concerned that it would actually make the concept of sovereignty justiciable if we placed it in statute, and that we are in danger of drawing the courts into a dispute with Parliament about what sovereignty is?

Mr Cash: I accept that that is an important point, but we have been put in this position, historically and legally, by the manner in which the European Communities Act 1972 has increasingly been eating away at the way in we legislate in this House.

This is a difficult question, and I do not want to get too historical about it, but similar considerations arose at the time of the passing of the Bill of Rights, and also in the proposed constitutional settlement around 1648. At that time, the sovereignty of the monarch was regarded by the Crown as absolute, and there was a question of how to deal with that. Unfortunately, it was dealt with, in the words of Oliver Cromwell, as a matter of "cruel necessity". Despite the fact that many people did not want it to happen, he took off the King's head as a symbolic demonstration that the King was no longer sovereign.

Jacob Rees-Mogg (North East Somerset) (Con): I am afraid that I would dispute my hon. Friend's interpretation of what led to the execution of Charles I. I think it was much more complicated than that.

Mr Cash: I am prepared to accept that it was more complicated than that. I am making a point, but I defer to my hon. Friend. The real point is that the word "sovereignty" in this context has a practical, legal and factual base. We need to assert our sovereignty when it is under invasion, which is exactly what is going on now. I think that that is the simplest way to put it.

Mr Jenkin: One of the most important points made by my hon. Friend the Member for Christchurch (Mr Chope) was that there is no substitute for Parliament exercising its sovereignty. In that respect, our amendment to the European Union Bill and the Bill before us are a cry of despair. They are not a substitute for Parliament exercising its sovereignty. No amount of legislating for parliamentary sovereignty will match the exercise of our sovereignty. As one of my hon. Friends said to me this morning, it is a bit like the parish council beating the bounds of the parish. It is a long time since we exercised our sovereignty in that way here, but sooner or later we are going to have to do so, to prove that we still have it.

Mr Cash: The question also arises in the context of assertions by the courts. It is important that we respect the independence of the judiciary, but the judiciary in turn must respect the rights and privileges of the elected House of Commons and, indeed, Parliament as a whole. The claims that have been made, which are set out in the European Scrutiny Committee report, clearly demonstrate that moves are not only afoot but under way to qualify the sovereignty of the United Kingdom Parliament and Acts of Parliament. Such moves fall back on an assertion that they are relying on the rule of law. I have asked questions about this repeatedly, not least in a debate in Westminster Hall yesterday on the Bill of Rights, and suggested that we ask these questions: whose law, which law, and how has it arisen?

Henry Smith (Crawley) (Con): This country has an evolving constitution that is not written down in any one place. Does my hon. Friend agree that there is a danger of authority slipping away from Parliament unless we restate that?

Mr Cash: That is completely right, and I am grateful to my hon. Friend for not only his intervention but his notable contribution to the European Scrutiny Committee, of which he is a member.

The question of amending the Bill gives me an opportunity to set out another short clause that might be added to it.

Chris Bryant: Will the hon. Gentleman give way?

Mr Cash: I would just like to get this out of the way, if I may, because it is quite a useful and explicit affirmation of what we could do in practice to ensure that there is no doubt about what is being done. The new clause in question could be phrased in this way: "Any Act of Parliament or legal instrument expressly stating that that Act or instrument shall be 'notwithstanding the European Communities Act 1972' or 'notwithstanding the European convention on human rights and the Human Rights Act 1998' shall be construed by the courts of the United Kingdom as having the effect of disapplying and overriding any Act or legal instrument to which it refers." That would put the position completely on all fours with the evidence that we have received from the constitutional experts.

For many years, I have said that we need a way to get round the problem of provisions emanating from the European Communities Act 1972, and the treaties and legal instruments made under it, being inconsistent with our national interests. To achieve that—in line with cases such as Macarthys *v.* Smith under Lord Denning and Garland *v.* British Rail Engineering under Lord Diplock, which remain good law despite what the Supreme Court has said recently—we need, precedent to an Act of Parliament and in relation to European Union legislation, to use the expression "notwithstanding the European Communities Act 1972" to make it clear that we are legislating subsequent to an existing enactment and expressly inconsistently with it. That would oblige the courts to give effect to the later legislation. There are occasions when it is clear that the Government would want to do that but cannot do it, or do not want to do it, or would prefer the whole subject to go away. I am looking closely at the Minister at this point. There is nobody who wants this subject to go away more than the Prime Minister does.

It is a problem. I recognise the dilemma, and I have to say, in all fairness, that I have absolutely no doubt about the need for the remedy. I understand that there are inconveniences in having the European Union producing legislation that this country does not want, which might have been thought to be a good idea in the past. Some thought that the working time directive was a good idea, but it has turned out to have all kinds of unfortunate consequences. The same could be said of other matters such as the over-regulation of business.

When we were in opposition in 2006, I tabled an amendment to the then Government's Legislative and Regulatory Reform Bill, based on the "notwithstanding" formula, in order to improve the opportunities for British business, helping it to grow and get away from unnecessary burdens imposed by the European Union. During the afternoon that I proposed that amendment, a series of Whips' meetings took place. The Whips came to me and said, "Bill, would you be good enough to allow us to adopt your amendment and to put in Tellers?" When the vote took place on the words

"notwithstanding the European Communities Act 1972",

teams of the present Government walked through the Lobbies to support my amendment, which they had adopted—and six weeks later on a whipped vote in the House of Lords, they reconfirmed it. There was no doubt about the intention there. The principle is thus established by the European Scrutiny Committee report, by the evidence we received and by the conduct of the Prime Minister who was then the Leader of the Opposition.

Mr Bone: My hon. Friend is generous. Could the whole problem be solved by putting those magic words on the front of every Act of Parliament, thus forcing the courts to interpret the Act of Parliament as the supreme law, not the one from the European Union?

Mr Cash: We could do that, although it might not be desirable or necessary to do it for every Act of Parliament. I shall come on to some cases later, but we are about to go into an adjournment, if that is the right expression, when the Prime Minister will make an important statement on Libya and the UN resolution. I believe my hon. Friend the Member for Wellingborough (Mr Bone) made an important point, which clearly summarises the position. It would not need to apply to every Act of Parliament, but only where it was necessary in respect of European Union law or the European convention on human rights—on issues like votes for prisoners, for example.

Angie Bray (Ealing Central and Acton) (Con): May I ask for a little more clarity? If my hon. Friend gets his way, will it mean that we would no longer have to beat the bounds, so to speak?

Mr Cash: We would not have to beat the European bounds, that's for sure, but my hon. Friend makes a valid point. The problem has overtaken the history of this Parliament, so it is important that we get back to first principles—that we should legislate in accordance with the wishes of the electorate. My hon. Friends the Members for Wellingborough and for Christchurch, I and many other Members here today have argued for a full and effective referendum to deal with this question in line with the wishes of the electorate, but in between times, we are being affected in our daily lives by a stream—a tsunami—of legislation emanating from the European Union, much of which is an obstruction and an obstacle to the generation of economic growth in this country at a time of austerity when the deficit requires us to improve our legislation in a manner consistent with creating growth and business opportunities. All that shows that this is not just a theoretical question; it is about the practical impact of the European Union on the daily lives of the electorate. *[Interruption.]*

I am delighted to see that the House is filling up with Members, but I have a feeling that it has to do with something other than the Bill proposed by my hon. Friend the Member for Christchurch. However, it provides an opportunity for us to get our case across to the more exalted Members of this House—at any rate, members of the Executive—so that they can benefit from knowing that we are engaged in these difficult times in ensuring that we reaffirm the sovereignty of the UK Parliament.

I also see the Deputy Prime Minister, so I point out to him as he assumes his place that his suggestion that we will not repatriate our laws, despite the Conservative manifesto which said that we would, is in the minds of many people in the Conservative part of the coalition and it is still absolutely on the agenda. We repudiate his suggestion that there will be no "backward step", as he puts it; we will repatriate, because we will insist on doing so. We will do so through the aegis of the sovereignty of this Parliament when there is a clear threat from European legislation or legislation emanating from the European convention on human rights or the European Court of Human Rights—whether it is on votes for prisoners, or whatever. We will insist that the legislation we pass in this House reflects the wishes of the electorate, not just those of the cognoscenti, the elite, the establishment or those who form part of the present coalition. We respect the Executive, but we beg to differ, and we insist that under no circumstances whatever will we allow the sovereignty of the UK Parliament to be overridden by assertions from the Deputy Prime Minister or anybody else.

Mr Nuttall: My hon. Friend heard from many experts when he chaired the investigation of the European Scrutiny Committee into clause 18 of the European Union Bill. Will he clarify that the matters of concern expressed this morning about this House's loss of sovereignty were confirmed by many of the experts from whom he heard?

Mr Cash: They certainly were; most of the experts took this view.

Now that the Prime Minister has come into the Chamber, may I take the opportunity to congratulate him on the manner in which he asserted in his own way the sovereignty of this country in his determination to ensure there is to be a no-fly zone over Libya? The very fact that he was able to do that, notwithstanding the impediments put in place by the European Union and others, demonstrates precisely what we are saying in this debate—that it is the sovereignty of the UK Parliament that lies at the heart of how we conduct our affairs in this country. In respect of the no-fly zone and related matters, the Prime Minister has done this country a great service. He has demonstrated that, notwithstanding the obstacles put forward by other members of the European Union, we still have residual powers, although I wish they were much greater.

If this Bill were to go through, we would override the amendment that was, unfortunately, passed a few weeks ago, which did not reaffirm the sovereignty of the UK Parliament, and we would put it right. I am extremely glad for the opportunity to debate this matter at this auspicious time.

There are many practical aspects to the Bill, which I shall come on to later. I understand that the Prime Minister has an important statement to make to bring us up to date about Libya. I shall move on to the more practical issues afterwards. I shall seek to demonstrate why we must insist that the European Union does not ride roughshod over the wishes of the electorate, as it has done so frequently in the past. We must reassert the supremacy of this House, whether it be on issues like prisoners' votes or—

Proceedings interrupted (Standing Order No. 11(4)).

UN Security Council Resolution (Libya)

11 am

The Prime Minister (Mr David Cameron): With permission, Mr Speaker, I would like to make a statement on last night's UN Security Council resolution on Libya.

Over three weeks ago, the people of Libya took to the streets in protest against Colonel Gaddafi and his regime, asking for new rights and freedoms. There were hopeful signs that a better future awaited them, and that, like people elsewhere in the middle east and north Africa, they were taking their destiny into their own hands. Far from meeting those aspirations, Colonel Gaddafi has responded by attacking his own people. He has brought the full might of armed forces to bear on them, backed up by mercenaries. The world has watched as he has brutally crushed his own people.

On 23 February, the UN Secretary-General cited the reported nature and scale of attacks on civilians as

"egregious violations of international and human rights law"

and called on the Government of Libya to

"meet its responsibility to protect its people."

The Secretary-General said later that more than 1,000 people had been killed and many more injured in Libya amid credible and consistent reports of arrests, detention and torture.

Over the weekend of 26 and 27 February, at Britain's instigation, the UN Security Council agreed resolution 1970, which condemned Gaddafi's actions. It imposed a travel ban and asset freezes on those at the top of his regime. It demanded an end to the violence, access for international human rights monitors and the lifting of restrictions on the media. Vitally, it referred the situation in Libya to the International Criminal Court so that its leaders should face the justice they deserve.

In my statement to the House on 28 February, I set out the steps that we would take to implement those measures. Our consistent approach has been to isolate the Gaddafi regime, deprive it of money, shrink its power and ensure that anyone responsible for abuses in Libya will be held to account. I also told the House that I believed contingency planning should be done for different scenarios, including involving military assets, and that that should include plans for a no-fly zone.

Intervening in another country's affairs should not be undertaken save in quite exceptional circumstances. That is why we have always been clear that preparing for eventualities that might include the use of force—including a no-fly zone or other measures to stop humanitarian catastrophe—would require three steps and three tests to be met: demonstrable need, regional support, and a clear legal basis.

First, on demonstrable need, Gaddafi's regime has ignored the demand of UN Security Council resolution 1970 that it stop the violence against the Libyan people. His forces have attacked peaceful protesters, and are now preparing for a violent assault on a city, Benghazi, of 1 million people that has a history dating back 2,500 years. They have begun air strikes in anticipation of what we expect to be a brutal attack using air, land and sea forces. Gaddafi has publicly promised that every home will be searched and that there will be no mercy and no pity shown.

If we want any sense of what that might mean we have only to look at what happened in Zawiyah, where tanks and heavy weaponry were used to smash through a heavily populated town with heavy loss of life. We do not have to guess what happens when he has subdued a population. Human Rights Watch has catalogued the appalling human rights abuses that are being committed in Tripoli. Now, the people of eastern Libya are faced with the same treatment. That is the demonstrable need.

Secondly, on regional support, we said that there must be a clear wish from the people of Libya and the wider region for international action. It was the people of Libya, through their transitional national council, who were the first to call for protection from air attack through a no-fly zone. More recently, the Arab League has made the same demand.

It has been remarkable how Arab leaders have come forward and condemned the actions of Gaddafi's Government. In recent days, I have spoken with the leaders of Saudi Arabia, Qatar, the United Arab Emirates and Jordan. A number of Arab nations have made it clear that they are willing to participate in enforcing the resolution. That support goes far beyond the Arab world. Last night, all three African members of the UN Security Council voted in favour of the resolution.

The third and essential condition was that there should be a clear legal base. That is why along with France, Lebanon and the United States we worked hard to draft appropriate language that could command the support of the international community. Last night, the United Nations Security Council agreed that resolution. Resolution 1973

"Demands the immediate establishment of a ceasefire and a complete end to violence and all attacks against, and abuses of, civilians".

It establishes

"a ban on all flights"

in the airspace of Libya

"in order to help protect civilians".

It authorises member states to take

"all necessary measures to enforce compliance with the ban".

Crucially, in paragraph 4, it

"Authorises member states...acting nationally or through regional organisations or arrangements, and acting in co-operation with the Secretary-General, to take all necessary measures...to protect civilians and civilian populated areas under threat of attack...including Benghazi".

The resolution both authorises and sets the limits of our action. Specifically, it excludes an occupation force of any form, on any part of Libyan territory. That was a clear agreement between all the sponsors of the resolution, including the UK, and of course, the Arab League. I absolutely believe that that is the right thing both to say and to do.

As our ambassador to the United Nations said, the central purpose of this resolution is to end the violence, protect civilians, and allow the people of Libya to determine their own future, free from the brutality unleashed by the Gaddafi regime. The Libyan population want the same rights and freedoms that people across the middle east and north Africa are demanding, and that are enshrined in the values of the United Nations

charter. Resolution 1973 puts the weight of the Security Council squarely behind the Libyan people in defence of those values. Our aims are entirely encapsulated by that resolution.

Demonstrable need, regional support and a clear legal base: the three criteria are now satisfied in full. Now that the UN Security Council has reached its decision, there is a responsibility on its members to respond. That is what Britain, with others, will now do. The Attorney-General has been consulted and the Government are satisfied that there is a clear and unequivocal legal basis for the deployment of UK forces and military assets. He advised Cabinet this morning, and his advice was read and discussed. The Security Council has adopted resolution 1973 as a measure to maintain or restore international peace and security under chapter VII of the United Nations charter. The resolution specifically authorises notifying member states to use all necessary measures to enforce a no-fly zone and to protect civilians and civilian populated areas, including Benghazi.

At Cabinet this morning, we agreed that the UK will play its part. Our forces will join an international operation to enforce the resolution if Gaddafi fails to comply with the demand that he end attacks on civilians. The Defence Secretary and I have now instructed the Chief of the Defence Staff to work urgently with our allies to put in place the appropriate military measures to enforce the resolution, including a no-fly zone. I can tell the House that Britain will deploy Tornadoes and Typhoons as well as air-to-air refuelling and surveillance aircraft. Preparations to deploy those aircraft have already started and in the coming hours they will move to air bases from where they can start to take the necessary action.

The Government will table a substantive motion for debate next week, but I am sure that the House will accept that the situation requires us to move forward on the basis of the Security Council resolution immediately. I am sure that Members on both sides of the House call on Colonel Gaddafi to respond immediately to the will of the international community and cease the violence against his own people. I spoke to President Obama last night and to President Sarkozy this morning. There will be a clear statement later today, setting out what we now expect from Colonel Gaddafi.

We should never prepare to deploy British forces lightly or without careful thought. In this case, I believe that we have given extremely careful thought to the situation in hand. It is absolutely right that we played a leading role on the UN Security Council to secure permission for the action, and that we now work with allies to ensure that that resolution is brought about. There will be many people in our country who will now want questions answered about what we are doing and how we will go about it. I intend to answer all those questions in the hours and days ahead, and to work with our brave armed services to ensure that we do the right thing, for the people of Libya, for the people of our country and for the world as a whole.

Edward Miliband (Doncaster North) (Lab): I thank the Prime Minister for his statement. From this side of the House, we welcome last night's UN Security Council resolution and support Britain playing its full part in the international action that is planned.

The international community has shown clear resolve, and I applaud all the efforts that made this happen, including those of the Prime Minister and the British Government. As I have said since his statement two-and-a-half weeks ago, we support feasible and practical action to help the Libyan people, so, as befits the official Opposition, we will both support the Government and ask the necessary questions that we think the country will want asked.

It is important that the British people are clear about the purposes of the resolution and the basis for the commitment of British forces. Any decision to commit British armed forces is a grave and serious one, and it must be based on a clear and compelling case. In this case, it is based, as the Prime Minister said, on the clear evidence of Colonel Gaddafi brutalising his own people in response to the demand for democratic change.

It is action backed in the region most importantly by the clear resolution of the Arab League, and it is backed now by a legal mandate from the United Nations, so the military action that is being embarked upon has broad support, a legal base and recognises our responsibility to protect the Libyan people. Those are necessary pre-conditions for legitimate and effective action, and it would be quite wrong, given what is happening in Libya, for us to stand by and do nothing.

I want to ask some questions about the objectives of the mission, the military implications of it and the humanitarian context. First, we need to be clear about the purpose of the mission. All of us will welcome the passage of last night's resolution to avoid the immediate slaughter of people in Benghazi. The whole world is aware of the urgency of the situation, given the avowed intentions of Colonel Gaddafi. Can the Prime Minister reassure us that military action can be taken on a time scale that can make a real difference to the people in Benghazi?

Beyond that, should, as we hope, the effect of last night's resolution be to stop the advance of the regime, the future of Libya remains uncertain. Will the Prime Minister therefore explain the Government's broader strategy for Libya's future, should we succeed in stopping Colonel Gaddafi's advance, given that last night's resolution is directed towards a specific aim of the protection of the Libyan people, rather than explicitly towards regime change?

In this House there is agreement that Libya's future would be far better served without Colonel Gaddafi in power. Does the Prime Minister therefore agree that a range of other measures should continue to be brought to bear on the Libyan regime to support the efforts of the Libyan people in order to undermine the support for Colonel Gaddafi?

We should be working now to sharpen the choice facing the Libyan military, including through action from the International Criminal Court, and to increase the pressure on other members of the regime. We should also be making explicit the risks for countries allowing their citizens to serve as mercenaries, and I believe the UN resolution does recognise that point. We should also continue to make clear to the Libyan people the offer of a better life that lies beyond Colonel Gaddafi.

[Edward Miliband]

May I urge the Prime Minister to ensure that discussions take place at the earliest stage with the Arab League, the European Union and others on a continuing basis for contingency planning for a stable and viable state beyond Colonel Gaddafi?

May I also, in the broader context of the region, emphasise to the Prime Minister that we should continue to show the utmost vigilance about developments elsewhere, including in Bahrain, and that we should make clear the need for reform and restraint, not repression, throughout the region?

Secondly, let me ask about the military action itself. Will the Prime Minister reassure us that all steps are being taken to ensure that those participating in any military action reflect the broad base of support, including from the Arab League? Does he agree that a continuing diplomatic effort will be required to ensure that that happens?

Further, under the contingencies that have been prepared and subject to the operational limits on what the Prime Minister can say, how does he envisage the military chain of command operating?

Thirdly, let me ask about the humanitarian situation in Libya. Will the Prime Minister take this opportunity to update the House on the continuing situation of British nationals in the light of the clearly changed circumstances that we now face? We will have all noted with concern the decision of the Red Cross, prior to the resolution, to withdraw from Benghazi. Will the Prime Minister assure the House that efforts will be made to ensure continuing humanitarian access to Benghazi? What plans are being made to facilitate the return of humanitarian assistance?

Finally, let me say to the Prime Minister that, at this time, Labour Members will give our full support to our armed forces. Once again, they are engaging in dangerous and courageous action on behalf of our country, and we salute their professionalism and bravery. They are serving to uphold the will of the international community, including the United Nations, and in their service I believe they will have the support of the whole House.

The Prime Minister: I thank the right hon. Gentleman for his support and for the way in which he put that support in his questions. Let me try to answer all the questions he put.

In terms of the time scale and potential military action, the issue is this: the Security Council resolution is absolutely clear in its first paragraph that there should be a ceasefire and that Gaddafi should stop his attacks on his people. But, if that does not happen, then, yes, consequences and "all necessary measures", as the Security Council resolution puts it, will follow; and we are able to do that on a time scale that I believe will be effective.

In terms of our broader strategy, what we believe we need in Libya is a transition towards a more open society and towards a better democracy, but we have to be clear about our aims. The UN Security Council resolution is absolutely clear that this is about saving lives and about protecting people. It is not about choosing the Government of Libya; that is an issue for the Libyan people.

Mercenaries are included in the UN Security Council resolution, which is welcome. The right hon. Gentleman's point about the International Criminal Court was covered by the earlier resolution, which of course is still in force.

In terms of consultations with the Arab League and with Arab countries, there will be a meeting in Paris tomorrow, which President Sarkozy has called. I will attend, and there will also be representatives from across the Arab world to bring together the coalition to help to achieve the goals that the UN Security Council has so rightly voted for.

The right hon. Gentleman says that we must be vigilant elsewhere with all the challenging problems in our world today, and he mentioned Bahrain. That is absolutely right, and the Government are keeping their travel advice and their work helping British nationals in Bahrain, Yemen and elsewhere permanently under review, meeting regularly to try to make sure that we do everything we can to help people as necessary.

In terms of Arab League participation, what we seek is the active participation of some Arab League countries. I believe that we will get that, and from the calls that I have made I have had some reassurances.

In terms of the military chain of command, to be clear, to begin with this is going to be a joint operation, if necessary, carried out by Britain, America and France, with Arab and other participation, and it will be co-ordinated in that way.

In terms of British nationals, as we have announced before in the House, almost all those who want to leave have left. There are some who remain. We have our relationship with the Turkish embassy, which is working with us and for us in Tripoli, and we also have an active consular figure in Benghazi. But obviously, part of the aim of what we are trying to do—to stop Gaddafi entering Benghazi—will be in the interest of those British nationals in Benghazi.

The right hon. Gentleman asked about humanitarian aid. Clearly, a very big aim of the UN Security Council is to make sure humanitarian aid can get through.

Above all, as the right hon. Gentleman said, any decision to put the men and women of our armed forces into harm's way should be taken only when absolutely necessary, but I believe, as he said, that we cannot stand back and let a dictator whose people have rejected him kill his people indiscriminately. To do so would send a chilling signal to others.

I believe also that we should be clear about where our interests lie. In this country, in particular, we know what Colonel Gaddafi is capable of, and we should not forget his support for the biggest terrorist atrocity on British soil. We simply cannot have a situation where a failed pariah state festers on Europe's southern border, and that is why we are backing today our words with action.

Sir Malcolm Rifkind (Kensington) (Con): May I congratulate the Prime Minister on the superb leadership that he and the Foreign Secretary have given both at home and at the United Nations in securing this resolution, without which the people of Benghazi and of Libya would face a humanitarian disaster?

Will the Prime Minister confirm that the UN resolution, which, as he has indicated, refers to

"all necessary measures...to protect...civilian populated areas",

will enable our forces to be used not simply to intercept Libyan aircraft but if necessary to attack heavy artillery, tanks and other military units on the ground that might be threatening civilian populated areas?

The Prime Minister: I thank my right hon. and learned Friend for his support, and I agree that time is now crucial. It is vital that we have now got this UN Security Council resolution, and that we make very clear the ultimatum to Colonel Gaddafi so that we secure that ceasefire and stop his operations.

The right hon. and learned Gentleman asked what the Security Council permits us to do. Paragraph 4 refers, crucially, to "all necessary measures" to protect people—"to protect civilians"—and, indeed, specifically mentions Benghazi. The Attorney-General's advice, which we may discuss in more detail later, makes it very clear that that means we can take measures that will help those things to be achieved. It is very important for us to understand that.

Mike Gapes (Ilford South) (Lab/Co-op): I congratulate the Prime Minister and those in the Foreign Office, including our excellent diplomats at the United Nations, on the work that they have done in securing the chapter VII resolution. The French Government should also be given a great deal of credit, because they too have worked very hard on this.

Will the Prime Minister clarify the role of the African Union, which is referred to in the resolution, as well as that of the Arab League? Given that three African states, including South Africa, voted for the resolution, is there any possibility of the African Union using its good offices to try to find a way of getting Gaddafi out of power without the conflict going on for a very long time?

The Prime Minister: The hon. Gentleman makes an extremely good point about the leadership role taken by Nicolas Sarkozy and the French. I think the work that the French, the British and the Lebanese did together on the UN Security Council was vital. I absolutely pay tribute to our ambassador, Mark Lyall Grant, and his team, who did a superb job in marshalling support. Members in all parts of the House will see, when they read the resolution, that it is very, very strong and extremely comprehensive, and I hope that it marks a new start in what the UN will be able to achieve.

We very much hope that the African Union will use its good offices in the way that the hon. Gentleman suggests. African Union missions are still going to Libya, and we think that they will be enormously influential. I was particularly pleased that the three African members voted for the resolution, and I hope that that is a sign of things to come.

Richard Ottaway (Croydon South) (Con): As one of the doubting Thomases of the past few weeks, I congratulate the Prime Minister on his success and leadership and offer him my full support. I also join him in paying tribute to Sir Mark Lyall Grant and his team at the UN for what is a remarkable diplomatic success, which hopefully will mark a turning point in the development of these issues at the UN.

I am sure the Prime Minister agrees that difficult questions remain. At this moment, however, it is incumbent on all of us to stand behind the armed forces, particularly our airmen, who have to implement the resolution.

The Prime Minister: My hon. Friend is entirely right. Of course there are difficult questions. We are embarked on a difficult course, not least because we have set a limit on that course and have said, quite rightly, that this is not about an army of occupation. I think it important for us all to understand that that is a correct limit, and a limit that people across the Arab world want to hear.

I very much echo what my hon. Friend said about Mark Lyall Grant, but above all our thoughts—the thoughts of everyone in the House and, I am sure, everyone in our country—will be with those armed forces and their families who will be preparing, potentially, for difficult days ahead.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): The Government and the armed forces have our full support in this matter.

The Prime Minister mentioned three criteria for determining the appropriateness of intervention, but surely there is another factor: the question of whether we have the capacity and the military assets to intervene in situations such as this. In the light of developments in the middle east in recent weeks, will the Prime Minister and his colleagues have another look at the strategic defence and security review to establish whether our country will continue to have those assets in future?

The Prime Minister: Of course I look very carefully at every decision that we make in defence, and I see it as a personal priority for me as Prime Minister. I would say to colleagues, however, that even at the end of this defence review and the end of this Parliament, we will have the fourth largest defence budget anywhere in the world. We have superbly equipped armed forces, and many of the decisions that we made in the defence review were intended to ensure that they had flexibility: the ability to deploy, the ability to act out of area, extra investment in special forces, and extra investment in transport.

I should also point out that the Typhoons that we are considering using are not in any way involved in Afghanistan. I have been given assurances by the Chief of the Defence Staff that our planning for what may be necessary in Libya does not affect the efforts that we are making in Afghanistan with our allies to bring greater security to that country.

Mr James Arbuthnot (North East Hampshire) (Con): Yet again, my right hon. Friend has shown a breathtaking degree of courage and leadership. I support what he has said and what he has done. Does he agree that, while regime change is not the aim of these resolutions, in practice there is little realistic chance of achieving their aims without regime change?

The Prime Minister: My right hon. Friend puts it extremely well. The aim is clear: to put in place what has been required by the UN Security Council, which is a cessation of hostilities. It is the protection of lives and the protection of people. It is the prevention of a bloodbath in Benghazi. It is to make sure that arms do not get to Libya, that assets are frozen and that travel bans are imposed. It is all those things. Those are the aims, and they are what we must now pursue.

[The Prime Minister]

Of course, like many other leaders the world over, we have all said that Gaddafi needs to go in order for Libya to have a peaceful, successful and democratic future, and that remains the case. It is almost impossible to envisage a future for Libya that includes him. But we should be very clear, in the international alliance that we are building, that the statements in the UN Security Council resolution are our aims. Those are the things that, on behalf of the rest of the world, we are helping, with others, to deliver.

Jeremy Corbyn (Islington North) (Lab): Abuses of human rights and the oppression of civilians are not unique to Libya. They may differ in degree, but they are not unique. Is the Prime Minister now suggesting that we should develop a foreign policy that would be prepared to countenance intervention in other countries where there are attacks on civilians, such as Saudi Arabia, Yemen, Oman or Bahrain? I hope that he has thought this whole thing through, because we may well be involved in a civil war in Libya for some time to come.

The Prime Minister: I sometimes want to meet that argument with the answer that the fact that you cannot do the right thing everywhere does not mean that you should not do the right thing somewhere. A more detailed answer, however, is that what is happening in Libya is different. The situation is that of a people rising up against their leaders and wanting a more democratic future, and then us watching as, potentially, those people are destroyed by that dictator.

As I have said, I think that what we see coming together here is Britain acting with others in favour of international law and international governance and the UN and all that is right and fair and decent in our world, yet, at the same time, I believe, very much acting in our national interest, because it is not in our national interest for this man to lead a pariah state on the southern banks of Europe with all the problems that that could entail. So I hope that, not just across the world but across this country, we shall be able to build the broadest coalition for support for the action we are taking, encompassing all those who care about the UN and international law and what is good and right in our world, but who also recognise that a hard-headed assessment of British national interest means that we should not stand aside from this.

Stephen Gilbert (St Austell and Newquay) (LD): I welcome the Prime Minister's statement and last night's United Nations resolution. I think it is absolutely right for the international community to take urgent action to protect civilians in Libya. Will the Prime Minister please assure me that our intelligence assets in the region are doing all that they can to monitor the activities of, and communication between, senior regime leaders and commanders, with a view to ensuring that we can prosecute them to the fullest extent of international law?

The Prime Minister: Obviously—as the hon. Gentleman knows—we never comment on security and intelligence matters in the House. However, his point about the International Criminal Court and the need to be clear about the fact that, as I have said, international law should have a long arm, a long reach and a long memory and that we should gather evidence for that, is absolutely right.

Natascha Engel (North East Derbyshire) (Lab): Given the unpredictability of the outcomes in Libya and the middle east, and given that all actions have consequences, how can the Prime Minister be so sure that, as a consequence of what we are doing, a complex and dangerous situation will not simply be made worse?

The Prime Minister: The hon. Lady asks a very important question. It seems to me that we have to look at the consequences of doing nothing—the slaughter that could ensue, the oppression of these people we see so clearly on our television screens—and then ask what are the consequences of action. What is so convincing in this case is that the Arab League countries and Arab populations are, I believe, willing the international community on. I think that the opinion on the Arab street is very much that it is good that the international community is coming together and showing that it cares about our democracy and not just your security. I think that we can win that argument, but we will have to go on making it with Arab leaders and Arab populations, and making sure that we communicate with them very strongly why we are doing this and why it is the right thing.

Nicholas Soames (Mid Sussex) (Con): I join others in congratulating the Prime Minister, the Foreign Secretary and all the others who have been involved in securing this very tough resolution, and indeed the building of a broad-based coalition to deal with Gaddafi. Does the Prime Minister agree, however, that in the weeks to come it will be important for the country to know that at the same time as trying to deal with Gaddafi, the Government are also intent on forging ahead, with our European partners, in keeping the middle east peace process revitalised and going, so that we can draw the poison from the well?

The Prime Minister: My hon. Friend makes an extremely good point. A Palestinian leader once said to me, "If you really want to secure the long-term defeat of al-Qaeda, there must be a combination of more democracy and freedom across north Africa and the middle east and a solution to the Israel-Palestine problem." Those two things together will go to the heart of the problems we face in our world.

Mr David Winnick (Walsall North) (Lab): As someone who has argued all along that any military action should be based on a resolution of the United Nations Security Council, I accept that the situation today is different from yesterday and previously. Nevertheless, despite all that the Prime Minister has said about reservations, no ground troops and so forth, does he recognise that in the country at large there is bound to be great anxiety that we could be dragged, through escalation, into a third war in nine years? Therefore, will the Prime Minister make sure that there are daily—or at least very regular—reports to the House of Commons, so we avoid a third war?

The Prime Minister: The hon. Gentleman puts the point extremely well. I agree that there should be regular statements updating the House. We should start with a

debate on Monday on a substantive motion, so that Members can debate that, and propose amendments if they want. We will be putting down that substantive motion later today, so that colleagues can have a look at it.

On taking the country with us, the hon. Gentleman's point about legality is vital. We have a legal basis here—the UN, the world's governing body, coming together and making that clear—and we need to explain that what we are doing is legal, proportionate and right. But I also believe that, as I said a moment ago, to take people with us we have to make the arguments both that it is wrong to stand aside as this dictator massacres his own people and it is in our interests to act, and also that it is in our national interest, because we do not want this pariah state on our borders.

The point the hon. Gentleman makes about no ground troops and no occupying force is vital. That is in the UN Security Council resolution; it is the reassurance that we can give to people that that is not part of our aims—it is not want the UN wants, it is not what the Arab League wants, it is not what Britain wants. That is clearly a limitation on our ability to act, but it is absolutely right, and I think people will be reassured by it.

Mr Christopher Chope (Christchurch) (Con): May I also commend my right hon. Friend on his decisive leadership? Why does he think Germany abstained on this resolution, and is Germany going to be interfering in preventing us from recognising the regime in Benghazi?

The Prime Minister: I thank my hon. Friend very much for his support. On the German attitude, to be fair to the German Chancellor, whom I spoke to last night, she has been consistently sceptical about this issue. I do not believe that Germany will in any way be destructive within NATO, because it recognises that the UN has voted for this resolution, on which the Germans, of course, abstained. It is for them to explain their scepticism. Of course arguments can always be made about, "If we are acting here, why not elsewhere?" But as I have said, in this instance the case for action and the world coming together is very strong.

Joan Ruddock (Lewisham, Deptford) (Lab): May I also congratulate the Prime Minister and the Foreign Secretary on the action they have taken? I hope the Prime Minister will join me in also congratulating President Obama, who by his cautious deliberations has allowed the Arab states to come to the fore, and, unlike his predecessor, has shown proper respect for the United Nations, thus giving a major boost to the rule of international law.

The Prime Minister: The right hon. Lady makes an extremely good point and is absolutely right. I had a very good conversation with President Obama last night, and I think he has shown great leadership on the UN and what is proposed in the new resolution, and on being able to bring together its various elements. The right hon. Lady is right that allowing the Arab League the space and time to come forward and make its own views clear has helped to create a sense of consensus at the UN, where we have the ability to act. But the clock is now ticking, and we now need a sense of urgency, because we do not want to see a bloodbath in Benghazi, and further repression and taking of innocent civilian life in Libya.

Mr Bernard Jenkin (Harwich and North Essex) (Con): I join my right hon. and hon. Friends in congratulating my right hon. Friend the Prime Minister on his brilliant success at the United Nations, which is a vindication of the credibility of British foreign policy. Can he say more about the strategic objective, which, as Lord Dannatt and others have clearly stated, must be extremely clear? My right hon. Friend is committed to regime change, but are our allies, and in particular President Obama, committed to regime change?

The Prime Minister: The answer I give my hon. Friend is that almost every leader in the free world has said Gaddafi needs to go—that his regime is illegitimate and there is no future for Libya with him in charge—but we must be clear about the aim of what we are now involved in. The aim is to put in place the UN Security Council resolution, which is about protecting people's lives and about the steps we are prepared to take to isolate the regime and give that country the chance of a better future. We must restrict ourselves to that aim in meeting this UN Security Council resolution. Obviously, we have a desire, which I and others have expressed, that Gaddafi has no future, but our aim here must be clear, and that is how we must drive this alliance forward.

Mr Tom Watson (West Bromwich East) (Lab): Now that the UN has reasserted its authority with this resolution, it is important that Gaddafi is in no doubt that there is an overwhelming military force to carry it out. In that light, how many countries does the Prime Minister wish to provide military assets, and how many of them come from the Arab League?

The Prime Minister: The hon. Gentleman makes a good point. Obviously, we want the widest alliance possible. I do not think it would be right for me to name at the Dispatch Box those countries that are considering participation, but there is a wide number. Clearly, at the heart of this are the Americans, the French and the British, but other European countries are coming forward, and there are also some in the Arab League, including a number I have spoken to, who have talked about active participation—about playing a part in this. One of the purposes of the meeting tomorrow in Paris will be to bring together the widest possible coalition of those who want to support it, and I believe, particularly as this has such strong UN backing, that it will be a very wide coalition indeed.

Bob Stewart (Beckenham) (Con): Speaking as someone who has watched well-armed Bosnian Serb units smash through civilian populations, may I ask my right hon. Friend the Prime Minister whether Security Council resolution 1973 allows us, under its provision on "all necessary measures", to avoid the arms embargo and directly arm the people who are fighting against Gaddafi in Benghazi and elsewhere?

The Prime Minister: The first point I would make to my hon. Friend is how welcome it was that Bosnia was sitting on the Security Council and able to vote in favour of this resolution—for good historical reasons.

[The Prime Minister]

The resolution helps to enforce the arms embargo, and our legal understanding is that that arms embargo applies to the whole of Libya. Paragraph 4 authorises member states

"to take all necessary measures...to protect civilians and civilian populated areas under threat of attack"

in Libya, including Benghazi. That is very strong language, which allows states to take a number of military steps to protect people and harm those who are intending to damage civilians. It could not be clearer, and the legal advice is clear.

Let me make this point as well: while I think we should maintain the convention that the Government are entitled to have legal advice and to receive that legal advice privately, I also think it is right on these sorts of occasions that a summary of legal advice should be published so the House of Commons can see and debate it, and we will make sure that is done well in advance of the debate on Monday.

Mr David Lammy (Tottenham) (Lab): Given that the Gaddafi forces are advancing, what assessment has the Prime Minister made of civilian casualties and what discussions has he had on any post-conflict reconstruction, learning the lessons of Iraq?

The Prime Minister: The right hon. Gentleman makes an extremely good point. It is clear that there have been widespread civilian casualties, and I quoted some figures in my statement. It is also clear that if Gaddafi goes into Benghazi the situation could get radically worse, which is why, as I have said, the clock is ticking—the time for action is now. In terms of reconstruction and humanitarian aid, my right hon. Friend the International Development Secretary will be leading a cross-government group to make sure we do everything we can to bring all our resources to bear—we have considerable resources in this area—working with others to make sure that we get humanitarian aid to every part of that country and that we plan for the future.

Tony Baldry (Banbury) (Con): One of the factors that caused Gaddafi to abandon his programme of weapons of mass destruction in the 1990s was that he knew he was on the verge of being indicted for war crimes by the UN Special Court for Sierra Leone, so he well understands both the power and the reach of international criminal law. Will my right hon. Friend try to ensure that the International Criminal Court makes it very clear that it is not only Gaddafi who stands at risk of being indicted by the ICC, but all those around him who are most responsible for war crimes and crimes against humanity?

The Prime Minister: My hon. Friend makes an extremely good point, and we are making sure not only that Gaddafi and his immediate colleagues know they are in danger of going in front of the ICC, but that all those who choose to back the regime and carry out war crimes know that they are also in that danger. In addition, anyone who thinks of being a mercenary, of organising mercenaries or of organising arms shipments to that regime are covered in the same way. Communicating that message in all the ways that we can is vitally important work.

John McDonnell (Hayes and Harlington) (Lab): I support the freedom struggle of the Libyan people and I am a supporter of the United Nations, but I have grave concerns about the use of force by western powers in this region, and both the short-term and long-term consequences. It therefore behoves us to ask the question: what next? In the short-term, in the interests of conflict resolution, is there to be a final offer from the United Nations to Gaddafi for peace talks? If armed conflict goes ahead, what measures are being put in place to ensure the safety of civilians? In particular, may I urge the Prime Minister that there should be no use of depleted uranium weapons, which have damaged the long-term safety of the civilians in Iraq? Given the change of regimes that has taken place in this region, given what is happening in Bahrain and given the continued oppression of the Palestinian people, may I urge him to go to the United Nations and say that now is the opportune time to re-establish a middle eastern conference that looks at the long-term security and peace of this region?

The Prime Minister: I thank the hon. Gentleman for his question. What the UN is suggesting is very clear. Paragraph 1

"Demands the immediate establishment of a cease-fire and a complete end to violence and all attacks against, and abuses of, civilians".

Paragraph 2

"Stresses the need to intensify efforts to find a solution to the crisis which responds to the legitimate demands of the Libyan people".

The point that I would make to the hon. Gentleman is this: if we make this statement and give this ultimatum, and in a way, the UN has given this ultimatum; if Gaddafi does not respond and goes on brutalising his people; and if in those circumstances we say that we are not prepared to use force to protect civilians, with all the backing of the UN, with all the backing of international law, with the Arab League behind us and with the world saying that this is right—if not then, when?

The hon. Gentleman does need to think about this, because although there should, of course, be all sorts of things holding you back before you take action, and there are all the questions you should ask, when there is this degree of international backing, and if Gaddafi will not stop the brutalising of civilians, there is a complete legitimisation of taking action to protect those civilians.

Angie Bray (Ealing Central and Acton) (Con): May I, too, congratulate the Prime Minister on his spectacularly successful leadership and the amazing turnaround that he has achieved? Will he tell the House a little more about the discussions he is having with members of the Arab League about the role that they may be able to play in supporting this resolution?

The Prime Minister: The encouraging thing is, first, that the Arab League came forward so clearly and asked for a no-fly zone. The contact I had, including on my trip to the Gulf, was that so many were so clear that Gaddafi was illegitimate and that what he was doing was wrong. There was a genuine sense of outrage at what he was doing. The key now is to try to encourage the Arab League and its members, and not just in those

words and great sentiments: we need to encourage them to participate actively, so that the world can see that if action is necessary, there are Arab planes alongside French, British or American planes taking part in the action to protect civilians in Libya. That is extremely important and we should do everything we can to secure it.

Richard Burden (Birmingham, Northfield) (Lab): I welcome last night's UN resolution; this is not Iraq, but it is an important test of the international community's willingness to protect civilians from the immediate danger of slaughter. Given the importance of keeping the Arab world on board in this endeavour, will the Prime Minister tell the House a bit more about his objectives for tomorrow's meeting in Paris?

The Prime Minister: The first objective of tomorrow's meeting in Paris is to bring together in person those Arab leaders that President Sarkozy, President Obama and I have been speaking to in recent days so that we can discuss the importance of having the widest possible alliance to prosecute the implementation of this UN Security Council resolution. That is the most important thing. Even before then, a range of planning activity and, as I said in my statement, logistics activity needs to take place. We must quicken the contacts we have with all those Arab countries, but I hope that tomorrow we will see a visible demonstration of the world coming together to say, "This man must stop what he is doing and if he doesn't, there will be very severe consequences."

Tom Brake (Carshalton and Wallington) (LD): The Prime Minister has made a credible and convincing case for joint action to protect Libyan civilians whose lives are threatened by Gaddafi, a despot with a record of international terrorism and internal terror. However, there is a significant risk of stalemate if a no-fly zone can be established in time and Gaddafi's air force and helicopters are grounded. Can the Prime Minister say which organisations or nations have indicated that they would be willing to play a part in breaking such a stalemate if indeed it arises?

The Prime Minister: My hon. Friend makes a very good point. Of course there is a danger of stalemate, as he says. At that point there could be a role for organisations such as the African Union to try to bring this situation to a close, but as we stand today Colonel Gaddafi has not ceased his attacks on Benghazi or on people in Libya. That provides the urgency for this resolution, the action that we are preparing to take and the ultimatum that we will give. Of course, if he accedes, there could be a role for the African Union and for others.

Heidi Alexander (Lewisham East) (Lab): The Prime Minister talks about the need to think about the consequences of our action or inaction. One possible consequence is that Gaddafi is left weakened and alienated but not defeated. What consideration has been given to that scenario and, in particular, the implications for security and stability in the region and more widely?

The Prime Minister: The hon. Lady makes a very good point, and we have to consider all of these issues. The point I would make is that the reason why Gaddafi is weakened and insecure is because his people rose up and said that they wanted no more of him and that they wanted to have a more open and democratic future. I believe that in response to that we have been right, and others have been right, to encourage the Arab world and the north African world to move in a more democratic direction. She is absolutely right to say that from a national security perspective we have to consider all the implications of what is happening in Libya. The Home Secretary will be looking at the consequences for migration and we need to look at the consequences in terms of security policy too. The hon. Lady is entirely right in that view.

Mr Mark Field (Cities of London and Westminster) (Con): Although today's statement has understandably focused on military and diplomatic issues, a huge humanitarian crisis is already taking place, with a large number of Libyans having already fled and crossed the Mediterranean to Malta, Italy and other places. I was very encouraged by what the Prime Minister had to say about the role of the Department for International Development. Would he recognise that many of us in this House and countless millions of our constituents are equally proud of the very strong soft power that our nation is able to utilise and which we hope it will utilise in these difficult weeks and months ahead?

The Prime Minister: My hon. Friend makes an extremely good point, and I will stress again what the International Development Secretary will be doing. Obviously, he will be looking at what has been happening on Libya's borders—we have discussed that before—but he will also be looking at the issues within Libya itself. There is no doubt in my mind that in this situation soft power has had an enormous effect on giving people a sense that a better future is available to them and that they do not have to put up with the regimes that they have had to put up with for so long. Despite the fact that there may be difficult days ahead, as we grapple with implementing this UN Security Council resolution, we should lift our heads up and believe that there is a more hopeful future for this region and, therefore, for our world.

Chris Bryant (Rhondda) (Lab): I am sure that the whole House will wish the Prime Minister well as he discharges his duties in relation to Libya over the coming days, because he will face many much more complex decisions than those he has already had to take and they will affect life and death in Libya. We all want to see Gaddafi gone and we want to see everybody in Benghazi protected, but is the Prime Minister anxious about Russia's abstention? Will he make sure that cluster munitions, which are banned for British troops, will also be banned by all those others who are taking part in this, because in many cases it is the aftershock of cluster munitions that devastates the civilian population?

The Prime Minister: The hon. Gentleman makes a good point about cluster munitions. We do not use those munitions and we do not believe that others should either.

On the Russian abstention, and indeed the Chinese abstention, all I would observe is that this is, in many ways, quite a welcome step forward. We are talking here about a very tough resolution on what has happened in another country where people are being brutalised. In

[The Prime Minister]

years gone by, we might have expected to see Security Council vetoes. The fact that we have not is a very positive step forward for international law, for international right, and for the future of our world.

Mr William Cash (Stone) (Con): Time, of course, remains of the essence, and those who are resisting may well need arms rapidly. Paragraph 4 of the resolution, which my right hon. Friend did not mention, says

"notwithstanding paragraph 9 of resolution 1970",

and relates to the arms embargo. Does not that provide an avenue, through a committee of sanctions of the United Nations, to allow arms to be supplied, as sub-paragraph (c) of paragraph 9 appears to suggest, to those resisting Gaddafi in Benghazi and thereabouts?

The Prime Minister: I always worry when my hon. Friend mentions the word "notwithstanding"; a small chill goes up my spine. I think I am right in saying that the resolution is clear: there is an arms embargo, and that arms embargo has to be enforced across Libya. The legal advice that others have mentioned, and that we believe some other countries were interested in, suggesting that perhaps this applied only to the regime, is not in fact correct.

Nick Smith (Blaenau Gwent) (Lab): In the next few difficult months, can we ensure, as well as we can, that we do not damage the Libyan water and energy infrastructure and thereby make things difficult for the wider Libyan population?

The Prime Minister: The hon. Gentleman is absolutely right, first, to say that in many ways the easy decisions have been made, and now there are the difficult times and the difficult decisions have to be made. I am acutely conscious of that. His point about Libyan resources is entirely right. If Gaddafi will not cease his war on his own people and if military action has to be taken, we need to make sure that that is done commensurate with international law and trying to avoid, wherever possible, collateral damage, civilian casualties, and all the other things that he says. That is absolutely vital in all that we want to do, not least in keeping the largest possible coalition of people in this country and around the world, including in the Arab world, behind what the United Nations has authorised.

Mr Peter Bone (Wellingborough) (Con): I would like to thank the Prime Minister for coming to the House so early to make this statement. He is clearly right to take very seriously the deployment of British troops. In that regard, could not the substantive motion that he has mentioned be debated later this evening or tomorrow morning, before the troops are actually deployed?

The Prime Minister: Obviously, I considered this carefully, and we discussed it at Cabinet this morning. We felt that the best approach was to give time for the tabling of a substantive motion today, which I believe has to be done by 2.30 pm. If we do that in advance, it will give anyone who wants to suggest an amendment the chance to do so, and then there can be a proper debate on Monday. Actually, I considered whether it would be better to hold the debate on Tuesday to give people more chance to consider what may or may not have happened over the weekend, but I think that the House will be anxious to have that debate, so I judged, and the Cabinet judged, that a debate on Monday on a substantive motion that can be amended is the right thing to do.

Mark Tami (Alyn and Deeside) (Lab): What UN resolutions say and what they are subsequently interpreted to say can be very different. What assurances can the Prime Minister give to the House that it will be different this time, particularly bearing in mind the number of abstentions we had last night?

The Prime Minister: The point I would make to the hon. Gentleman is that this resolution seems to me to be extremely clear in that it has the call for a ceasefire, it has the no-fly zone, it has all necessary measures for a no-fly zone, it has the need to protect civilians, and all the necessary measures for civilians, alongside all the other issues about travel bans, asset seizures and the rest of it. It is a very clear resolution. As I say, I am very conscious that as we go ahead, we want to take people with us. That will inevitably be a difficult path, because every action has a consequence. However, I particularly welcome the fact that the resolution says so clearly that there must not be an occupying force. I think that sends such a clear signal to the Arab world, to the Muslim world, and to people in our own country, scarred by what has happened in the past, that that will not happen again. As I have said, there are some limits on us, but I think that in this circumstance, that is absolutely right.

Mr David Nuttall (Bury North) (Con): I thank my right hon. Friend the Prime Minister for his statement. Recent history has shown that commencing military action such as this is rather like entering a maze—it is easier to get in than to get out. Given that the Libyan rebels will always be at risk for as long as Colonel Gaddafi is still in power, will not our involvement therefore have to continue while his regime remains in place?

The Prime Minister: My hon. Friend makes an extremely good point. Of course, there is always a case that goes something like, "Don't start down this path because it might involve you taking so many difficult steps to achieve it." It seems to me that the stronger argument is that it is better to act than to stand back and do nothing, and witness the slaughter of civilians, when that is so clearly not in our national interest. It is better to act than to remain passive. We have set limits on what we are able to do, because we cannot have an occupying force. I believe that what we are doing can help to protect civilians and can, over time, help to bring about a better future for Libya.

Barry Gardiner (Brent North) (Lab): I welcome the UN resolution, but I oppose Britain's military involvement in implementing it. The UN resolution is not to secure a no-fly zone for humanitarian protection, but an extraordinary authorisation of regime change. Unless the Prime Minister believes that Libya's Arab and African neighbours lack the capacity or the compassion for their Libyan brothers and sisters to act independently, why does he insist on putting British military personnel at risk?

The Prime Minister: Obviously I respect the hon. Gentleman's view, but it seems to me that if we will the end, we should also will the means to that end. We should never overestimate Britain's size or capabilities, but neither should we underestimate them. We have one of the finest armed services in the world. We are one of the world's leading military powers, and we also have huge strength in diplomacy, soft power and development. We should not play a disproportionate part, but I think that we should play a proportionate part alongside allies such as France, America and the Arab world. To say that we should pass such a resolution but then just stand back and hope that someone, somewhere in the Arab world will bring it about is profoundly wrong.

Mr David Burrowes (Enfield, Southgate) (Con): I too commend the Prime Minister's statement, and his courage and leadership. The Prime Minister will be aware of the significant position of Cyprus in the region, not least because of its sovereign bases. Does he anticipate the use of those bases in the implementation of the no-fly zone, and has that been agreed with the Government of Cyprus?

The Prime Minister: I do not want to go into too much detail about deployments. However, perhaps I could use this opportunity to make the point to those who have expressed concern about aircraft carriers that if we undergo operations in the southern Mediterranean to provide a no-fly zone and to carry out all necessary measures, the fact that there are so many friendly countries and members of NATO, such as France and Italy, means that there are plenty of opportunities for the basing of aircraft to ensure that we can deliver the effect that is needed.

David Simpson (Upper Bann) (DUP): I join colleagues in congratulating the Prime Minister and the Foreign Secretary on their success. I think that this is a tremendous outcome. Of course, those of us in Northern Ireland will shed no tears over Mr Gaddafi, especially given his role over the years in supplying weapons to butcher British citizens on the streets of Northern Ireland. Is the Prime Minister in a position to give us an update, as was mentioned earlier in the debate, on whether the Red Cross will be active on the ground?

The Prime Minister: First, the hon. Gentleman is absolutely right that people in Northern Ireland have every right to remember the hurt and pain that they were caused by Gaddafi's funding of the IRA—a wrong that has still not been properly righted. On the issue of the Red Cross, I will ask the International Development Secretary to contact the hon. Gentleman separately to make clear the position.

Dr Thérèse Coffey (Suffolk Coastal) (Con): I too congratulate the Prime Minister. Just yesterday, I voiced my concern that inertia could lead to our generation's Rwanda. I am glad that he, along with others, has secured agreement to this resolution. I am sure that that was helped by the chilling words that Colonel Gaddafi issued in his radio interview. He has also mentioned attacks on civilian aircraft. Has the Security Council been able to assess that threat? Is it just the empty hot air of a tyrant who knows that his days in power are numbered?

The Prime Minister: My hon. Friend is right to draw the House's attention to what Gaddafi has said. He has said chilling words about what he plans to do to his own country and people, and he must be stopped. I too heard the reported remarks about civilian aircraft. Be in no doubt that, even aside from a UN Security Council resolution, every country has the right under international law to self-defence—a right that could be exercised in full.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Will the right hon. Gentleman agree that the merit of the operation to liberate Kuwait in 1991 was that it was finite and established order, and that the disaster of the war in Iraq in 2003 was that after it was won, efforts were made by outsiders to install a Government, which resulted in chaos and terrorism? Will he assure the House that those lessons have been learned?

The Prime Minister: I absolutely give the right hon. Gentleman that assurance. It seems to me that we have to learn both the lessons of Iraq, by proceeding with the maximum Arab support and being very clear that there will be no army of occupation, and the lessons of Bosnia and not stand aside and witness a slaughter. It falls to Cabinets and Governments at this time, though, to recognise that no two situations are exactly alike. This is not Iraq; it is not Bosnia; it is not Lebanon; it is unique and different. We have to respond to it and use the right judgment to try to get our response correct. That is what this Government are determined to do, and as I have said, we are determined to take as many people with us as possible.

Nick Boles (Grantham and Stamford) (Con): May I thank the Prime Minister for his singular service over the past few weeks? Will he join me in paying tribute to those who will render an even greater service—the young men and women on whose skills, training and courage we will rely, as we have so often in our past?

The Prime Minister: My hon. Friend is absolutely right to make that point. It is not the people who make the decisions who have the difficult choices and the difficult path ahead; it is those who have to carry out those decisions. We should be incredibly proud of our armed forces, of their professionalism, courage and dedication and of their ability to take on a task such as this and pursue it with such vigour. It is inspiring to see it happen. We should never take them for granted or ask them to do tasks that they cannot complete, but I have full confidence that they will perform magnificently, as they always do.

Mr Sam Gyimah (East Surrey) (Con): May I add my voice to those of many other Members in congratulating the Prime Minister on what he has achieved, especially in the context of a coalition Government?

Can the Prime Minister give the House a sense of how long he expects the military engagement that we are about to embark on to last?

The Prime Minister: My hon. Friend refers to the coalition Government, and let me put on record what strong support I and the Foreign Secretary have had from Members from right across the coalition and right across the House of Commons. Ministers from both parties have been involved in the lobbying effort with other countries, and they have done an extremely good job.

[The Prime Minister]

I do not want to go into too much detail about what could happen if Gaddafi does not do what is set out in the UN Security Council resolution, but as I have said, it is important that action would follow relatively rapidly. Obviously we want to do what is necessary to ensure that the terms of it are met.

Stephen Phillips (Sleaford and North Hykeham) (Con): May I echo the congratulations from throughout the House to my right hon. Friends for the courage that they have demonstrated during the past week?

One difficulty that the last Administration had in relation to the war in Iraq was a general belief in the country that the war was not legal. I therefore welcome my right hon. Friend's assurances that the legal advice will be published in summary. In order that there can be confidence across the country in the legality of the action that the Government are taking, that advice needs to be as full as possible. It also needs to deal with the point raised by my hon. Friend the Member for Beckenham (Bob Stewart). Can my right hon. Friend assure me that that will be the case, and that we will see the advice as soon as possible?

The Prime Minister: I can promise my hon. and learned Friend that he will see a summary position of the advice before the debate on Monday. I would say that, although I am never one to denigrate lawyers and their important work in any way, if he wants to see the legal basis, it is all there in the UN Security Council resolution. It is the strongest possible statement. I am glad to see the Attorney-General sitting next to me while I make those kind remarks about lawyers. I would very much recommend reading the resolution to see how strong the legal basis is.

Sajid Javid (Bromsgrove) (Con): May I thank the Prime Minister and the Foreign Secretary for showing world leadership in an hour of need? The biggest risk to our national security would have been to do nothing at all. We cannot risk the emergence of another failed state at our southern tip exporting terror and human misery. Now that the UN has agreed on action, will the Prime Minister ensure that the action is swift, powerful and precise, and will he involve the broadest coalition possible, especially our Arab allies?

The Prime Minister: We should do everything that is necessary to bring about the UN Security Council resolution's conclusions. That is what our aim should be and is what should guide us, and everything we do should be proportionate to that. I say to my hon. Friend that yes, we have made a choice, and it is a choice to play our part in joint international action to enforce international law, to uphold the will of the UN Security Council and to respond to the calls from Arab countries and the Arab League, and also to do the right thing for the people of Libya, who want greater freedoms, and above all, I think, for the UK's national interest as well.

Mr Philip Hollobone (Kettering) (Con): One of the difficult things about no-fly zones is setting them up in the first place by taking out the air defence assets of the country involved, especially if they are deployed in areas of civilian population. What lessons have been learned from experience in Iraq and Bosnia about how best to do that?

The Prime Minister: My hon. Friend makes an important point. Our military have been involved in several no-fly zones over many years, and considerable lessons have therefore been learned. I do not pretend for one minute that it is easy. Indeed, I have never said that a no-fly zone is either easy to establish or the whole answer to bringing the appalling conflict by Gaddafi against his people to an end. However, it is one element of what is necessary to turn the pressure up further, and say that what we are seeing is simply not right.

Mark Reckless (Rochester and Strood) (Con): The Prime Minister has informed the House that we are preparing to deploy Tornadoes and Typhoons to relevant air bases. Would it assist if HMS Ark Royal was also deployed in the Mediterranean with a Harrier strike force? Will he bolster our position by reconsidering the decision to decommission those forces before it is too late?

The Prime Minister: It is not necessary, to carry out the operations that we are considering, to have an aircraft carrier. Indeed, other counties have not moved aircraft carriers to the area and the reason is in an answer I gave earlier. In that part of the world in particular, several bases are available to provide the basing to carry out the required operations. It is extremely important to bear that in mind.

Rehman Chishti (Gillingham and Rainham) (Con): I congratulate the Prime Minister on obtaining the international, legal humanitarian intervention in Libya. May I ask him to clarify the position? Will we join France in recognising the rebels as the alternative Government?

The Prime Minister: My hon. Friend asks a good question. As he knows, in this country, we recognise countries rather than Governments. What matters is making contact and having communications with the transitional authorities, and speaking to and building a relationship with them. That is the right way to proceed.

Greg Hands (Chelsea and Fulham) (Con): May I, too, congratulate the Prime Minister and the Foreign Secretary on leading international opinion on the matter? I also welcome my right hon. Friend's comments that we do not intervene unless in exceptional circumstances. That is an excellent contrast with the position on Iraq in 2003. This time, we have a positive legal opinion from the Attorney-General and the whole thing has been properly signed off by the United Nations.

The Prime Minister: I just wanted to ensure in the Cabinet meeting this morning that members could read the UN Security Council resolution, the Attorney-General's legal advice and a draft of my statement. There will be difficult days ahead—these things never go entirely according to plan. There are always problems down the road. It is therefore important that the Cabinet makes a decision, drives it through and does what is necessary to achieve the goal that the whole House supports: the enforcement of the UN Security Council resolution, which will make our world a safer place.

Business of the House

12.8 pm

The Leader of the House of Commons (Sir George Young): With permission, I should like to make a short statement following on from the announcement that my right hon. Friend the Prime Minister has just made.

The business for the week commencing 21 March will now be:

MONDAY 21 MARCH—Motion relating to the United Nations Security Council resolution on Libya, followed by motion relating to Members' salaries.

TUESDAY 22 MARCH—Remaining stages of the Budget Responsibility and National Audit Bill [*Lords*].

WEDNESDAY 23 MARCH—My right hon. Friend the Chancellor of the Exchequer will open his Budget statement.

THURSDAY 24 MARCH—Continuation of the Budget debate.

The provisional business for the week commencing 28 March will remain the same.

Hilary Benn (Leeds Central) (Lab): I am grateful to the Leader of the House for his statement. The House should have an opportunity to debate the resolution that the United Nations passed yesterday evening and above all, its consequences for the people of Libya and, in particular, for the deployment of British forces. I also welcome the Prime Minister's announcement that there will be a substantive motion before the House on Monday and the fact that it will be available later today. It is right that the House should have the chance to debate and vote, as was the case eight years ago today and in 1991, a few days after action began in the Gulf war. Will the Leader of the House assure us—I am sure that it will be the case—that the House will be kept informed of developments, with statements, as appropriate, from the Prime Minister, the Foreign Secretary and the Secretary of State for Defence?

Sir George Young: I am grateful to the right hon. Gentleman for his support for the revised timetable. We plan to table a substantive motion later today that the House will debate on Monday, and to keep the House informed. We had a full day's debate in Government time yesterday, a substantive statement from the Prime Minister today, and we will have a debate on Monday. I can give the right hon. Gentleman the undertaking he has just sought.

Nicholas Soames (Mid Sussex) (Con): I welcome Monday's debate. Will my right hon. Friend be able to see his way in weeks to come to organising another debate on the middle east in view of the great interest in yesterday's middle east debate in the House, and of the fact that events are fast moving, complex and complicated, and that they engage profoundly British interests in many countries other than Libya?

Sir George Young: I think my hon. Friend recognises that we have a good record of keeping the House informed on matters concerning Afghanistan and Iraq, and indeed the middle east and north Africa. I can give him the undertaking that he has just sought. We will keep the House regularly informed, and I hope there will be opportunities to debate the matter again.

Jeremy Corbyn (Islington North) (Lab): I welcome the opportunity for the debate and the Leader of the House's commitment to keeping the House regularly informed. That is most welcome—that is what Parliament is for. However, will he assure me that Members will have a facility to table amendments to the motion that is to be tabled later today? Clearly, if the motion is not tabled until, say, 2.30 today, it will be difficult to table an amendment. We will want an opportunity to debate amendments on Monday morning, so will he accept late amendments, and will they be acceptable?

Sir George Young: Whether amendments are acceptable is a matter for you, Mr Speaker, rather than for me. The motion will be like any other substantive motion and will be subject to amendments. I take the hon. Gentleman's point, and we will seek to table the motion in good time so that those who wish to table amendments will have the opportunity so to do.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Although it is entirely desirable for the House to express its clear opinion before any military action is taken, will the Leader of the House make it clear that the Government do not consider themselves restrained from taking military action before the motion is carried if it is necessary to do so?

Sir George Young: Yes, that is indeed the position. If my hon. Friend looks at the statement that I made—I think—on 10 March, he will see that it refers to emergency action that might be necessary.

Chris Bryant (Rhondda) (Lab): I agree with the hon. Member for Harwich and North Essex (Mr Jenkin). Having taken the temperature of the House today, it is clear that the Government have more or less the assent that they would broadly need.

It is unusual for us to discuss matters of great import on a Friday morning. We tend to have lengthy, protracted—sometimes deliberately so—debates on private Members' Bills. Hon. Members have private Members' Bills tabled for debate on 27 days over the next few months when the House does not intend to sit, 19 of those Bills come from one individual Member, and because of the two-year Session, the last day on which the Government have thus far announced Friday sittings is 17 June. When will the Leader of the House give us the next dates, or preferably change the whole system?

Sir George Young: I anticipate a written ministerial statement before the Easter recess outlining the Fridays on which the House will sit beyond those we have already identified.

Mr William Cash (Stone) (Con): In the light of the earlier exchanges with the Prime Minister, when I asked about the arms embargo and the "notwithstanding" provision of the UN Security Council, will the Leader of the House be kind enough to refer the matter to the Attorney-General, so it can be addressed when the summary of the advice comes out?

Mr Speaker: Order. The hon. Member for Stone (Mr Cash) is an extremely experienced Member of the House, having entered in 1984. These substantive matters can, should and will be debated on Monday. This is a narrow business statement.

Sir George Young: Notwithstanding that, Mr Speaker, I will refer my hon. Friend's comments to the Attorney-General.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): We welcome the opportunity to debate Libya. The Prime Minister mentioned that the position of British citizens affected in the past by Libyan-sponsored terrorism has not yet been settled. Will the Leader of the House allow time for a debate on that subject?

Sir George Young: It might be appropriate to raise that matter in the debate on Monday; it seems wholly relevant. The right hon. Gentleman may have heard the reply that my right hon. Friend gave, I think, at Prime Minister's questions last week on the issue of compensation. The Ministry of Justice is considering the matter and hopes to come to a decision very soon.

Mr Peter Bone (Wellingborough) (Con): Although I would have liked the debate to take place tomorrow, given that it will now be on Monday may I ask why we are having any other business on Monday? The debate on Members' salaries, which now seems completely irrelevant, should be removed, and we should have the maximum amount of time to discuss this very important issue.

Sir George Young: I can assure my hon. Friend that the debate I have just announced will carry on until 10 o'clock, and the motion on Members' salaries, which is protected business for 90 minutes, will happen after that.

Tom Brake (Carshalton and Wallington) (LD): I thank the Leader of the House for keeping Members informed about the Libyan situation. Is he aware of any other mechanisms that could be used to keep Members informed, for instance over the critical next 48 hours, because there could be developments and by the time of the debate on Monday much action might already have been taken?

Sir George Young: The House will not be sitting for the next 48 hours, but there are other ways for Ministers to communicate with Members and the public, and I am sure that those avenues will be used if and when necessary.

Mr Philip Hollobone (Kettering) (Con): I congratulate the Leader of the House and the Government on how they have, through the House, handled the Libyan issue since it started. We have had regular statements, yesterday's debate, the Prime Minister's statement today and now the undertaking for a substantive motion on Monday. The Government deserve 10 out of 10 for how they have approached the House of Commons on this issue. However, although the House always benefits from wise counsel, through the good offices of the Leader of the House and you, Mr Speaker, can the House be assured that Monday's debate will not be dominated by the usual suspects, and that many new Members will have a chance to participate, with an appropriate time limit being applied?

Sir George Young: Mr Speaker, you will have heard what I suspect was a concealed bid to be selected to speak on Monday. The matter is entirely in your hands and happily has nothing to do with the Leader of the House.

Mr Speaker: I have of course heard what the hon. Member for Kettering (Mr Hollobone) has said, as I always do, and will study it carefully, as he would expect.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Will the Leader of the House not close the debate at 10 o'clock on Monday? This will be one of the most important debates in which I, as a Member of Parliament, could participate, and it is important that, although you, Mr Speaker, may impose a time limit, no Member lack the opportunity to participate in the debate.

Sir George Young: I hear what my hon. Friend says. I would say, however, that we had a whole day's debate yesterday on Libya and north Africa, and it might well be that Monday is not the last time that we debate these matters. However, I believe that a full day's debate on Monday is the appropriate decision for the time being.

John McDonnell (Hayes and Harlington) (Lab): I want to follow up the comments made by the hon. Member for Mid Sussex (Nicholas Soames). Things will move fast. We are entering serious and dangerous waters, and the Leader of the House should not hesitate to seek to recall the House either at weekends or during the recess so that we can debate the matter in detail.

Sir George Young: The hon. Gentleman is right that there are opportunities for the House to be recalled. A Minister of the Crown can make a request to you, Mr Speaker. That has been done in the past, and will be done in the future as and when necessary.

Dan Byles (North Warwickshire) (Con): I urge the Leader of the House to reconsider his answer to my hon. Friend the Member for Suffolk Coastal (Dr Coffey). Yesterday's debate was not a debate about potentially committing British soldiers to military action, but the debate on Monday will be. I would say that they are substantively different, and I urge him to reconsider her request.

Sir George Young: I hear what my hon. Friend says. I think I am right in saying that the debate on Iraq seven years ago was a one-day debate that ended at the normal time. However, there might be other opportunities to debate the matter later.

United Kingdom Parliamentary Sovereignty Bill

Proceedings resumed.

12.19 pm

Mr Cash: Having had that ample demonstration of the sovereignty of the United Kingdom—the Prime Minister deserves our congratulations on that statement, given the opposition from within the European Union, for example—I can now resume the previous debate.

As I said, I want to cover a number of practical examples. It would be fair to say that 60% or 70% of all our legislation now comes from the European Union. When Members are debating Bills, there is frequently—almost invariably—no way for them to know whether the legislation emanates from EU law. When I was a member of the Statutory Instruments Committee many years ago, I managed to instigate a system to ensure that legislation emanating from the European Union was denoted by an asterisk to show where it came from. It would be extremely helpful for MPs to have that included in all Bills—for convenience, perhaps it could be in the explanatory notes—because if we are not entitled to legislate inconsistently with European law, MPs should know that. As for the proposals in this Bill and the clause that I suggested might be added to it—we come back to the "notwithstanding" formula, which has been brought up about half a dozen times in the last hour and a half—it is important that people should know the extent to which we are trammelled in our legislation. Indeed, many Acts of Parliament would be better understood by the public at large if they knew where the obligations came from.

That is one practical point. The other practical questions relate to the diversity, magnitude and volume of such legislation. We hear a great deal about better deregulation and attempts within the European Union to regulate better, but the statistics are incredibly bad. There is virtually no deregulation going on in the European Union, despite the fact that my right hon. Friend the Prime Minister has placed a great deal of faith in renegotiating legislation, some of which has a very damaging effect on our potential for growth. In fact, I have recently quoted Lord Mandelson, who said when he was Trade Commissioner that over-regulation from the European Union amounts to 4% of GDP, and Mr Verheugen has demonstrated that over-regulation costs many billions of pounds. The most recent calculation I have seen is that since 1999 European over-regulation has cost the British economy and British business alone £124 billion. This is absolute madness. We are talking about over-regulation and unnecessary regulation, the manner in which it is passed and whether, on the basis of what the Government say—I would be fascinated to know how the Minister will respond to this—there is any intention whatever of following the precept that the Prime Minister—*[Interruption.]* If I can detach the Minister from his colleague, I would like to draw his attention to a point to which I would like him to respond. *[Interruption.]*

Mr Speaker: Order. It is courteous for Members on the Treasury Bench to pay attention. The hon. Member for Stone (Mr Cash) is referring directly to Ministers, so it would be a courtesy if they were listening.

Mr Cash: I am referring directly to the Minister to ask whether he will respond to a specific point made by the Prime Minister when he was Leader of the Opposition, in a speech to the Centre for Policy Studies in 2005 on the repatriation of powers. He stated that it was imperative to ensure British competitiveness by repatriating social and employment legislation. That has now apparently been directly contradicted by his boss, the Deputy Prime Minister, who has said that we will not take any so-called backward steps by repatriating powers. The measures involved include the working time directive and other matters that are absolutely essential to the growth that the Chancellor of the Exchequer will be addressing next week in the Budget.

I know that the Minister has a job to do, and I have no doubt that there are moments when that is somewhat unpalatable, but the bottom line is that we are far more interested in the jobs of the British people than in whether a few lines in the coalition agreement override the commitment that was made not only in our manifesto but in statements by the then Leader of the Opposition that we would repatriate social and employment legislation. There is no getting round this, and I want an answer to my question. I am sure that the House does, too.

Mr Harper: I can give my hon. Friend that answer now. We did indeed put a number of proposals before the British people, and we did seek a mandate for them. It will not have escaped his notice, however, that we did not win the general election outright, and that we therefore formed a coalition—*[Interruption.]* He raises his eyebrows, but that is a fact. Earlier, he specifically said that we had sought a mandate for certain things. We did indeed seek such a mandate, but I must draw his attention to the fact that we did not get that mandate. The coalition then set out its policies very clearly in its programme for government.

Mr Cash: I hear what the Minister says, but I am afraid I remain unconvinced, not least because the first priority must be to ensure that we achieve growth. Reducing the deficit is supposed to be the fulcrum of the coalition Government's proposals, but we cannot do that without increasing growth, and we cannot increase growth without reducing the burden of over-regulation, much of which comes from the European Union and has the effect of strangulating British business.

This is not exactly rocket science; it is completely obvious. I understand the Government's dilemma, but I am certain that, in the national interest, we need to tackle the problem. That is why the formula to which I have referred remains embedded in the Bill. I stress the necessity for Government policy to shift the burden on British business to give it the oxygen it needs. We cannot trade with the European Union when most of its member states, apart from Germany, are in a parlous state of low growth. Many of the countries are virtually bankrupt. It would be completely self-defeating to continue to make all these treaties and pacts on European economic governance and competitiveness in defiance of the fact that Europe is suffering from very low growth.

We need to relieve the burden on small and medium-sized businesses in the United Kingdom and elsewhere in Europe to ensure that we can achieve the growth that we need. That is a perfectly reasonable proposition, and it should not get in the way of the overall objectives of the

[Mr Cash]

coalition. Unfortunately, however, it appears that it does, because the Government keep on saying that they will not repatriate these powers. I find it astonishing that we are working against the national interest in this way, rather than working for it. Statements by the Deputy Prime Minister in this context have been extremely unhelpful, but I gather that the Minister is going to associate himself with those remarks and not attempt to give any sustenance to those of us who want the repatriation of powers through this Bill.

My arguments apply not only on the business front—*[Interruption.]* I see some hon. Members shaking their heads, but this country is in a parlous condition at the moment, and common sense ought to prevail. It is not asking a huge amount to ensure that we have a thriving business community. The situation would be emphatically improved if we were to adopt the policy that I am proposing, and have been proposing for many years. As I said before the interruption for the Prime Minister's statement, that policy was formally agreed by us in the Legislative and Regulatory Reform Bill in 2006 when we were in opposition.

Mr Harper: I would like to ask my hon. Friend a question. He drew attention to the repatriation of powers and spoke of using the mechanisms of the Bill to achieve that. Although I do not agree with it, I could understand the argument that the Bill would stop us giving away more powers to the European Union, but what mechanism in it would enable us to get back powers that have already been given away?

Mr Cash: The use of the sovereignty of Parliament to pass an Act notwithstanding the European Communities Act 1972, which is inherent in the Bill. The Minister might recall that in opening my remarks, I specifically stated that I had a clause in mind that would put it beyond any doubt that the courts would be obliged to give effect to, for example, what the then Opposition properly did when they voted for my amendment to the Legislative and Regulatory Reform Bill.

We should not be arguing about this. I find it astonishing that I should have to raise the matter in a debate. For a Minister to question whether my remarks are valid in one respect or another is again astonishing. I cannot believe it: I know the Minister's business background; I know he understands the issues; I know perfectly well that he is caught on the horns of a dilemma. I believe that he would personally love to see the repatriation of powers—and I am sure his constituents would, as well. I am afraid, however, that it will do no good if he offers resistance to my simple, straightforward and common-sense proposals. This involves making adjustments to European Community law and requiring the judiciary to give effect to the latest inconsistent Act. I should not have to repeat myself; it is terribly obvious. It is all so simple that I cannot believe that the Minister would want to offer any kind of resistance to the proposition.

Let me provide a few examples—some from the business environment, some from elsewhere—from the massive tsunami of European law. I have already mentioned the working time directive, which is coming up for consideration by the European Scrutiny Committee. We recommended that proposals relating to it should be debated in the House, so we do not need to debate it immediately. I will say unequivocally, however, that the working time directive is causing a great deal of damage to small businesses. There are also questions in the pipeline relating to waste electrical and electronic equipment, which is a matter of concern to a number of manufacturers and to people in the waste disposal business.

Mr Bone: My hon. Friend is generous in giving way. Does he agree that one problem now is that we have lost so much time for debate as a result of the important statement on Libya? I, for one, will withdraw from speaking so that we can reach a conclusion and vote on the Bill. I know that other hon. Members want to speak, so I wonder whether my hon. Friend would reflect on that?

Mr Cash: Very much so. I am delighted to say that I have come to the end of my remarks, which were to include a reference to the European arrest warrant and powers of entry, as both those matters are causing problems for the citizens and people of this country. Fair Trials International has written an excellent brief on the necessary amendments, but as it knows all too well, only by using the sort of mechanism I have proposed—the "notwithstanding" formula—would we be able to deal with the problem. Further difficulties relate to rulings on pensions, the insurance question for women and so forth.

In a nutshell, this is a problem crying out for a solution. This Bill will provide it. Other measures are necessary to ensure that we retain the sovereignty of this House while at the same time dealing with the difficulties arising for the people of this country in a wide area of business and other legislation.

12.34 pm

Henry Smith (Crawley) (Con): I am grateful for the opportunity to take part in such a fundamental debate. My comments will be brief, partly because although the matter is so fundamental it is also relatively straightforward.

As I said in my intervention on my hon. Friend the Member for Stone (Mr Cash), this country has an evolving constitution, as even a cursory look at the history books will show. Over the best part of the last millennium, the most significant action was perhaps the 1215 Magna Carta, the seed of many of our liberties and freedoms, as mentioned in other great documents such as the US constitution. We have also had two Acts of Union, the 1689 Bill of Rights referred to by my hon. Friend, and the Parliament Act of exactly a century ago, as amended in the late 1940s. Of course, we have also had the European Communities Act 1972, which was confirmed by a referendum in 1975. Most people who did not study the treaty of Rome to any great degree thought that that was a referendum on free markets and, as it was referred to at the time, a common market. Those who did study the treaty of Rome would have realised the inexorable trend in greater political union that was about to start.

The European Communities Act was passed when I was just three years old, and of course I was still very young when the referendum took place. In the intervening four decades, the British people have not had a chance to express their views on the development of the European Union, which has grown hugely both in terms of member

countries and competences. During the same period, this Parliament has on many occasions also failed to reassert its authority as an independent sovereign Parliament. I am sure in my view as a Member that this Parliament is sovereign in this country, but I fear that the elapsing of time and seeping of power and authority from this place to supranational organisations such as the European Union, the European Parliament, the European Commission, the European Court of Justice and other European institutions formed prior to 1972, such as the European Court of Human Rights, has led to serious questions about whether Parliament, and in particular the House of Commons, is sovereign in the governance of the United Kingdom.

Although I, my hon. Friend and many other hon. Members, if not all, are sure of that sovereignty, increasingly there are attempts to challenge and qualify it by courts within the United Kingdom, as judges seek to legislate from the bench, and by courts outside this country. A reaffirmation of this place's sovereignty is therefore timely, because we do not have a written constitution, or at least not one that is written down in any one place.

Let us contrast that with other member nations of the European Union. The Federal Republic of Germany has its constitutional court, which is quite sure in its constitutional position that it is supreme when it comes to matters that affect that country. The debate about whether we write our constitution in one place is for another day, but nevertheless the time has now come, because of uncertainty and of challenges within and without this country, to reaffirm that sovereignty.

I know that the arguments against such a position are that, if we start to enshrine "sovereignty" in law, we will just open up the debate to lawyers and judges to define exactly what we mean by it. I also understand the argument that "sovereignty", on the few occasions it is mentioned in legislation, often refers to territorial limits rather than to any legal definition, but the Bill's wording is quite clear that sovereignty refers to the competence of this Parliament—of the legislation that we enact. That defines the sovereignty that we should reassert, and it therefore closes down the argument that the Bill would somehow do the opposite and open up the debate about the future of sovereignty.

Ideally, I would like to see a referendum on our future membership of the European Union, but, given the remarks that the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Forest of Dean (Mr Harper), made a few moments ago, I suspect that, because of the realities of the coalition Government, we will not see such a referendum in the lifetime of this Parliament.

Mr Bone: My hon. Friend could be more sanguine on the matter, because our coalition partners are desperate to have that vote. It was in their manifesto, so we just have to persuade our hon. Friend the Minister that it is necessary; we do not have to persuade our coalition partners.

Henry Smith: I am grateful for that clarification of the Liberal Democrat manifesto. Clearly, 12 months ago I should have read it with a little more care, but I was busy trying to promote my candidacy in what is now my constituency. I still suspect that, although the proposal might have appeared in the Liberal Democrats' manifesto, they are less willing for it to be part of any coalition agreement.

I therefore maintain that we are unlikely—if my political antennae are correct—to have a referendum, and that is even more reason why we in this Parliament now need to reaffirm and reassert, through an Act, that this Parliament is sovereign. The electorate will not have a chance to have their say, certainly during this Parliament.

Ultimately, this is one of the most important debates that we can have in this place, because I am sent here to represent the interests of not only my constituents but my country, and I seek and am very proud to do those two things. I am deeply conscious, however, of the fact that my ability and that of right hon. and hon. Members to do so is frustrated by the constraints and—I will put it as strongly as this—the checks that are placed on this Parliament in enacting the legislation that we want to see.

We have heard a number of examples, whether they be the European Court of Human Rights on prisoner voting or, as my hon. Friend the Member for Christchurch (Mr Chope) said earlier, our insurance industry's inability to provide the products that the vast majority of people would consider perfectly rational. Those are just two recent examples, so I am very pleased to support the Bill and, as a new Member, very grateful to my hon. Friend the Member for Christchurch for introducing it today.

12.45 pm

Priti Patel (Witham) (Con): I congratulate my hon. Friend the Member for Christchurch (Mr Chope) on securing this important debate on issues about which many of us who are present today feel strongly. I agree with the powerful arguments that he advanced. The Bill is, of course, very similar to one of the same name that was presented some time ago by my hon. Friend the Member for Stone (Mr Cash).

I share the concerns that have been expressed this morning, because, like others who are in the Chamber today, I believe in the sovereignty and primacy of this Parliament. I believe that it is the mother of all Parliaments, and should be the ultimate institution of power and authority in our country. Throughout history, the laws passed by this Parliament have seen the country enjoy success and prosperity beyond that which could have been envisaged. It is testimony to the respect that people have for our Parliament that our democracy, institutions and laws have been exported across the world, not just to our former empire and colonies but, I believe, far beyond.

This Parliament has an enviable record of delivering positive change and success, which is why I believe that we should never allow it to become irrelevant or allow its authority and power to fall into decline. However, even as a new Member of Parliament, I have already seen that happening. Unfortunately, in recent decades we have seen a continual undermining of the authority of this Parliament by the body that is called Europe, without the consent of the British people.

My views on this matter are, I think, well known. The Bill returns us to many of the debates that we have had previously on, for instance, the European Union Bill and the Sovereignty of Parliament Bill. The issue is that

[Priti Patel]

our powers are being eroded, and that all too often decisions are made in secret and without the consultation or the consent of the British people whom those decisions ultimately affect. That causes tremendous concern to my constituents and to me. I believe that, in an era of openness, transparency and fairness, they should know what is going on and should be entitled to a say on it.

There is a strong contrast between the approach that I have described and the domestic approach to constitutional matters when Parliament's powers have been devolved. Across the United Kingdom, Parliament has devolved powers to other domestic institutions with the consent of the people, and has established a new constitutional settlement in an open, transparent and democratic way. Devolution from Westminster to Scotland, Wales and Northern Ireland has taken place by means of carefully considered legislation and referendums. We have seen that process in action with the Scotland Bill and the referendum that was conducted in Wales earlier this month.

Whether or not we agree with those decisions on devolution, they have been made in a transparent and open way and they carry democratic legitimacy, which is important. Unfortunately, very little of the transfer of powers from the United Kingdom to Europe and the pillaging of those powers has ever been carried out in such a transparent, accountable and democratic fashion, and the Bill rightly seeks to redress that.

I welcome this initiative because, like all Conservative Members of Parliament, I stood for election on a solid manifesto pledge to

"introduce a United Kingdom Sovereignty Bill to make it clear that ultimate authority stays in this country, in our Parliament."

I welcomed the safeguards in the European Union Bill, which would, through a referendum, give Parliament and the British public greater control over transfers of power to Europe. The EU Bill is a step in the right direction, but, as has been said before in the House, the true test will come when it is challenged. As we heard earlier this morning, it has been reported that a Liberal Democrat Member of the European Parliament has proposed changes to bypass the referendum lock and what he has apparently referred to as "the British problem". In a letter to the President of the European Parliament, he shamelessly neglected the British interest by suggesting that future treaty changes be ratified with a four-fifths majority of member states, and observed that the effect of this Bill

"will be to severely delay and complicate all future treaty revision".

I know the British people will be as astonished as I am that any parliamentarian would stoop so low as to describe any democratic process involving a sovereign Parliament and referendum as a problem, and seek to circumvent the layer of democratic accountability for laws that affect our country. Standing up for British interests and the sovereignty of this Parliament must come first, and those who think that that causes delay and complication have no respect for democracy.

Clause 1 adds additional safeguards to protect against those in Europe, such as Mr Duff, wishing to undermine our country. It makes it clear and unambiguous that Parliament is sovereign, and it provides a defence of the sovereignty of Parliament, complementing that in the European Union Bill. That is important because what irritates my constituents—and, it seems, the majority of the British public—is when laws from Europe are foisted on us and we as a country can do very little about it.

That brings me on to the whole area of the repatriation of powers. While we cannot reverse Labour's betrayal over the referendum on the Lisbon treaty, we can enforce more vigorous safeguards for parliamentary sovereignty. There are two areas in particular where I think the Bill offers an opportunity to strengthen our democracy and restore power and authority to Parliament. First, by reaffirming the sovereignty of Parliament, the Bill gives rise to the possibility that Britain might be able to repatriate powers from Europe. Secondly, the Bill gives us an opportunity to deal with problems from Europe in respect of the Council of Europe, the European Court of Human Rights and their associated Strasbourg-based institutions. I have no doubt that those Members who are present could speak for hours about the powers we would like to have repatriated, and about those institutions and their detrimental impact on our laws, our legislation and our country.

On the repatriation of powers, I believe it is absolutely essential that Parliament can clearly and decisively legislate to disapply EU laws imposed on this country where they are not in the national interest. Over the next few years, British taxpayers will be handing over to the EU £50 billion more than they get back, and we face additional costs of over £20 billion stemming from the more than 80 EU directives currently pending transposition into UK law. Therefore, from a financial perspective alone, we simply cannot afford to go on like this, let alone in the areas where the EU is now exercising far too many controls over our lives, such as financial institutions and immigration policies.

Mr Bone: My hon. Friend is, as always, making a powerful speech. Is it not strange that under the last five years of the Labour Administration, £19.8 billion net was given to the EU, but under this coalition Government the amount for the next five years will go up to £41 billion? Who would have believed that?

Priti Patel: I find that alarming, and I do not think it is financially sustainable. It returns us to the point about accountability and transparency. Hard-pressed taxpayers in our country want to know where this money is going, and how it is going to be spent.

While I would like a proactive strategy to be adopted to secure, with European agreement, the return of powers to Britain and money to British taxpayers, it is important that we have a clear legislative framework in place to ensure that we can act in this way and put Britain's interests first. I am eager that, as result of this Bill, we should have the chance to repatriate powers, because my constituents are fed up with the unelected, unaccountable and undemocratic bureaucrats in Brussels thinking they know best and imposing laws on our country. That is simply wrong. Frankly, the way Europe acts, and the increasingly integrationist and federalist agenda it pursues, only serves to give the impression that the EU does not trust us to make our own laws and has complete contempt and disregard for the British public.

Whatever the motives in Europe are for taking powers from Britain, we have been making laws in this country from this Parliament for many centuries. We can take

great pride in the laws that this Parliament has passed and we must ensure that it can continue to make laws, without restriction, diktat or command from Europe. Reaffirming the sovereignty of Parliament gives me hope that, if needed, Parliament can legislate to repatriate powers without the courts ruling such measures incompatible with European law—of course we hear far too much of the term "European law" in this House. I look to this Bill, either in its current form or in an amended form, to facilitate that.

Time is short, but I wish to touch on a couple of other areas where the Bill can play an important role in securing British interests, the first is which is in respect of the Council of Europe and the European Court of Human Rights. We have seen how those bodies have sought to undermine and block the will of Parliament over prisoner votes. I look to clause 2(a), on Ministers of the Crown being unable to implement any legal instrument inconsistent with the Bill without approval from a referendum, as a starting point to safeguarding the will of Parliament. After all, with this Bill reaffirming the sovereignty of Parliament, Ministers would not be able to claim that they have to change our laws because Europe told us to do so.

This is not just about prisoner votes; it is about many areas, including finance, insurance policies—we know how they are going to change—and immigration policy. Intervention, diktats and changes in language are ever increasing and this is an alarming trend. The Council of Europe and the Human Rights Commissioner are critical of countries that wish to take a tough stand on immigration. It is of course in our national interest to secure our borders and make sure that we do not have illegal immigration, but we hear endless proclaimers attacking member states about the language used on immigration. We are attacked for the steps we take to patrol our borders and deter the entry of migrants who should not be coming into our country and are trying to do so for all the wrong reasons. I could go on about many of these points, but I will draw my remarks to a conclusion.

I look forward to hearing the Minister's response to this debate but, more importantly and fundamentally, I seek assurances that the Government will act to ensure the protection of parliamentary sovereignty. I want to hear that the future British laws are going to be made by people in Britain and in the interests of British people.

12.57 pm

Chris Bryant (Rhondda) (Lab): Briefly, this Bill is a melancholic throat-clearing exercise inspired by a choleric attitude towards Europe. I am sanguine that the Government will be phlegmatic, so for all the reasons I have adumbrated in every other debate on the European Union since I was first elected in 2001, I oppose.

12.58 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): I do not think I will quite match the hon. Member for Rhondda (Chris Bryant) for brevity. He will be pleased to learn that I am not going to go through all the reasons why the Government oppose the Bill and will oppose it if it is pressed to a vote, but I will touch on a number of them. My hon. Friend the Member for Worthing West (Sir Peter Bottomley) got to the heart of the argument at the beginning of the debate when he discussed clause 1 and its reaffirmation of sovereignty. As he said, if this is indeed a sovereign Parliament, as we all believe it is, it does not need to reaffirm its sovereignty, but if it is not a sovereign Parliament, reaffirming its sovereignty is of no consequence.

My hon. Friend also made the point—I have been surprised that other Members have not discussed this—that this is not a Bill about the European Union. As clause 3(b) makes clear, it touches on not only our European commitments, but all the commitments we have made in all the treaties we have signed. I shall go on to discuss what the Prime Minister said earlier about our membership of the United Nations, which would be affected if the Bill became law.

Henry Smith: My hon. Friend is of course right that this country is a member of a number of international bodies, including the European Union, the United Nations and NATO, but so are other independent sovereign nations. I do not think there would be any suggestion that the United States compromises its sovereignty by its membership of the United Nations.

Mr Harper: I will not dwell on that now, if my hon. Friend will forgive me. I will come to it later in my remarks, and he will be free to intervene on me then.

My hon. Friend the Member for Christchurch (Mr Chope) and several others touched on issues such as the European Union Bill, particularly the debate that we had on clause 18; the issue of prisoner voting, which my hon. Friend the Member for Witham (Priti Patel) mentioned; and our relationship with the European convention on human rights, including the role of the Court. Those are all important.

There is no doubt that the sovereignty of Parliament lies at the heart of our constitution as one of our fundamental underpinnings. Since the time of the Bill of Rights in 1689, no one has seriously challenged the notion that Parliament is the ultimate arbiter of the powers of the Executive. Indeed, Parliament determined who the Executive should be: it intervened in the line of succession to the Crown and altered it. I will not go into the various changes to the line of succession, as my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) dwelled on that. I was disappointed that he did not feel the urge to set out his views on those historical events in more detail, and probably on a much better informed basis, than I would be able to.

It may be surprising to some that the adoption of parliamentary sovereignty is nowhere set out in authoritative form. The Bill sets out sovereignty without attempting to define it in any way in a piece of primary legislation. That would mean, in effect, that the courts would then be invited to define what we meant by sovereignty, to define what "reaffirming" meant, and to do a number of other things. The Bill would therefore take us down a dangerous road that would undermine the proposition of parliamentary sovereignty instead of defending it.

Mr Cash: I merely add that the most distinguished authority on the question of parliamentary sovereignty, Professor Jeffrey Goldsworthy, has indicated that clause 1 is the best way to deal with the situation with which we are faced. I have no idea where the legal advice that the Minister is getting comes from. If his advice comes from the same source as that of those who wrote the

[Mr Cash]

explanatory notes for the European Union Bill, the fact they have had to go into a steep reverse on this issue as a result of our Committee's report indicates that the quality of the advice is appalling, and, I am glad to say, that the Minister's comments are unnecessary and wrong.

Mr Harper: My remarks are clearly not unnecessary, because it is necessary to set out the Government's view. I suspect that my hon. Friend and I will not see eye to eye on everything; indeed, on quite a lot, particularly regarding these issues. Of course, he is entitled to his view, but I happen to disagree with him.

It is worth saying that in the debate in Committee of the whole House on clause 18 of the European Union Bill—my hon. Friend has referred to the evidence given in the European Scrutiny Committee, which he chairs—it was specifically made clear that it was not intended to be a general clause setting out the origin of parliamentary sovereignty; rather, it sets out how EU law gets its place in the UK legal order, which is by Acts of this Parliament. That was the purpose of the clause, and it did it very well. The EU Bill makes it very clear that directly applicable or directly effective EU law had status in the UK only because it was granted that status by an Act of the UK Parliament. I think that that was a helpful thing to do. As the hon. Member for Rhondda pointed out, that was agreed to by this House. Those arguments will be had at the other end of the building, and I hope that in due course that Bill will be passed by this sovereign Parliament.

Mr Cash: The fact that the Government have changed the explanatory notes is self-evident. Will the Minister put it on the record that he at least agrees that they were changed, even if he is not prepared to make any other admission?

Mr Harper: I believe that my hon. Friend is correct in saying that the explanatory notes have changed, so I am of course happy to agree on that fact. There are still matters of debate, but you will be pleased to know that I will not repeat those, Mr Deputy Speaker, because this is not a debate on the European Union Bill. I want to touch on issues other than the European Union because the Bill before us goes much wider, and there are other reasons why it should be opposed by Members.

Mr Bone: May I ask the Conservative Minister whether he stood on a manifesto at the last election that pledged that a United Kingdom parliamentary sovereignty Bill would be introduced if he was a member of the next Government? Has he changed his position?

Mr Harper: I dealt with that point when I intervened on my hon. Friend the Member for Stone (Mr Cash). Conservative Members stood on a manifesto that made a number of commitments. Indeed, he put it quite well in saying that we sought from the British people a mandate to do certain things. As I pointed out to my hon. Friends, much to our disappointment we did not get that mandate from the British people to the extent that we had hoped. We fell short, and that is why we formed a coalition Government. The coalition Government have set out our agreed programme. It contains quite a lot of what we wanted to do in our manifesto, and some of what the Liberal Democrats wanted to do in theirs, but we were not able to agree on all of it. The British people failed to give us that mandate so we are not able to do everything that we set out in our manifesto. That is disappointing—I find it disappointing and my hon. Friend the Member for Wellingborough (Mr Bone) finds it disappointing. However, we are democrats and we have to live with the decisions of the British people.

Mr Bone: Look, there are not very many people here. People have gone home and nobody is really listening. Why does the Minister not give his own personal view rather than the coalition view on whether the United Kingdom Parliamentary Sovereignty Bill would be a good thing?

Mr Harper: As my hon. Friend knows, I am here to set out clearly what the Government's view is. I would never say, just because there may not be many Members present in the Chamber, that words spoken in this House are not heard far and wide. We should be very careful about what we say and should weigh our words carefully, particularly when speaking in a Chamber of a sovereign Parliament.

I hesitate to say this because I am sure that it will provoke my hon. Friend the Member for Stone, but I think it is worth saying that the Minister for Europe dealt with the issue of sovereignty in detail in relation to clause 18 of the European Union Bill in this House and in the European Scrutiny Committee. He said that the Government's view was that an amendment that my hon. Friend the Member for Stone tabled, which was similar to what is in this Bill, would have invited exactly the sort of speculative consideration by judges that my hon. Friend feared. It is the Government's view that the approach in this Bill would make things worse rather than better.

Mr Cash: The problem for this Minister and the Minister for Europe is that the Bill is not in law and we are already being affected by the assertions of certain members of the Supreme Court that the sovereignty of Parliament is not absolute. If it were not for that, there would not be a problem. This is a recent development. It is precisely because of the Court's assertions of judicial supremacy that we are required to retaliate and to make our position clear through a simple declaration such as that in clause 1, just to make it absolutely certain.

Mr Harper: The flaw in that argument is that to put into an Act of Parliament the language in clause 1 would invite exactly the problem that my hon. Friend is concerned about. Because it would be in a statute that judges would have to interpret, it would invite them to start defining "sovereignty" and interpreting what Parliament meant by the words in the Bill. I do not think that is very helpful.

Jacob Rees-Mogg: Will the Minister give way?

Mr Harper: I will give way once more on this point, then I will make some progress.

Jacob Rees-Mogg: I am grateful to the Minister for giving way, because this point is tremendously important and may, if he is correct, point to a fatal flaw in the Bill.

I hope that he will deal with it carefully and precisely. I do not understand the idea that things that are in statute are justiciable but things that are not in statute are not. It seems to me that the judges can interpret the law of the land in the round, not just statutes. Will he focus on that point?

Mr Harper: The reason that my hon. Friend the Member for Stone gave for having the Bill and for reaffirming the sovereignty of Parliament was the risk that judges might erode the doctrine of parliamentary sovereignty by setting out some new, autonomous legal order in which EU law had authority in the UK regardless of whether Parliament continued to give it that authority. We had that debate on the European Union Bill, and my right hon. Friend the Minister for Europe made it quite clear that so far our judges have done nothing of the sort. In fact, they have had arguments put before them inviting them to take that stance and have specifically rejected them. That was why, in that Bill, which my hon. Friend and a number of other Members have talked about, we specifically set out that EU law had effect in this country only because it was given that effect by Acts passed by this Parliament. We did not think it was helpful—quite the reverse—to have a general sovereignty clause, which is what this Bill would introduce.

It is worth discussing one or two wider issues. My hon. Friend the Member for Worthing West was right when he drew attention to the fact that under clause 3(b), the Bill covers not just the European Union and the European Court of Human Rights but any rule of international law at all. It provides that no Minister of the Crown is to

"make or implement any legal instrument which…is inconsistent with this Act",

in other words which affects the sovereignty of this Parliament. That seems a very wide term, including both domestic legal instruments and instruments that are binding in international law.

The Bill also appears to extend to any instrument, including any treaty, that the UK will make or implement, or has ever made or implemented. It appears that it would act with retrospective effect. It seems to me that that is quite deliberate given the words in clause 3 stating that it

"shall have effect and shall be construed as having effect and deemed at all times to have had effect".

I shall come back to that in a moment.

I do not believe the Bill takes any notice of the changes that were made to the rules for ratifying treaties that were introduced in the Constitutional Reform and Governance Act 2010, which provides a number of tests and procedures for ratification that improve parliamentary involvement in the process. For example, when a Minister signs a treaty that does not come into force upon signature and to which domestic procedures concerning EU law do not apply, it may not be ratified unless it is laid before Parliament for a period of 21 days and neither House of Parliament passes a resolution objecting to it. If the House passes such a resolution, a Minister must lay a further explanation before the House, which may vote again within a further 21 days.

Only in exceptional circumstances may a treaty be ratified without the agreement of this House, and a Minister cannot override a decision of the House that it should not be ratified. If the Bill became law, what would happen if Parliament did not object to the ratification of a treaty but it was subsequently concluded that it was inconsistent with the Bill? What effect would that have on the sovereignty of Parliament?

I argue that the Bill is rather dangerous because of the effect that it would have on how we conduct international relations. It would make it impossible for us to participate in a number of organisations—for example, we belong to the United Nations and have signed a range of treaties connected with it. I listened closely to what my right hon. Friend the Prime Minister said this morning about the Security Council resolution. He pointed out the wide authorisation that it gives us and other members of the international community to act but he also explained that it places clear limits on what we can do. If the Bill were in force, it would not allow us to enter into agreements that limit what Parliament can do unless we held a referendum. We could not sign up to any international treaty with which we had engaged that somehow constrained our behaviour, as most do, unless we held a referendum.

My hon. Friend the Member for Worthing West highlighted the Bill that we discussed earlier, which encountered no opposition, on the wreck removal convention. If we accepted the measure that we are discussing, we would pass primary legislation to hold a referendum on whether the British people should support the wreck removal convention. That would not be welcome.

Jacob Rees-Mogg: My hon. Friend may have found a fatal flaw in the Bill, and I therefore ask him to consider it further. However, an EU rule has effect in this country above UK legislation, subject to the 1972 Act. That is not the case with agreements made in the United Nations or under other treaty conventions, which Her Majesty's Government can abrogate at their own will.

Mr Harper: My point, which my right hon. Friend the Minister for Europe made when we debated the European Union Bill, is that EU law has primacy in this country only because Parliament has passed legislation to say so. The Government will not do it, but it is open to Parliament to change or repeal the Act so that EU law does not have primacy. It is possible, although we are not going to do it. That is the flaw in the argument.

Clause 4 is another good reason for objecting to the Bill because it purports to bind future Parliaments. It states that a Bill passed in this Parliament cannot be amended without the consent of the people in a referendum. An important aspect of parliamentary sovereignty is that Parliament may enact or repeal any legislation it pleases, and it cannot bind its successors. Clause 4 undermines that. It also states:

"No Bill shall be presented to Her Majesty the Queen for her Royal Assent which contravenes this Act",

but is not clear who would determine whether a Bill contravenes "this Act". It would clearly have to be the courts, which would then be engaged in assessing whether Parliament had properly passed Bills and whether Bills should have received Royal Assent before a referendum had taken place. That invites courts to have much more power.

Mr Bone: The Parliamentary Secretary seems to be making specific points, which are more relevant to Committee. This is a Second Reading debate about the principle and we should not be discussing the detail. He should do that in Committee with us.

Mr Harper: I disagree. A disappointing aspect of the debate—I was disappointed even if no one else was—is that, in their comprehensive speeches, my hon. Friends the Members for Christchurch and for Stone spent much time on some issues, but little time on the actual Bill. I thought it was important to draw the House's attention to the consequences of passing the measure and why the Government will oppose it if it is pressed to a Division.

The debate was helpful but the Government have concluded that, rather than strengthening and upholding parliamentary sovereignty, the Bill would undermine it for the reasons that I and others have set out. I therefore urge my hon. Friend the Member for Christchurch to withdraw it. If he does not and he tests the House's opinion, I urge hon. Members to oppose it.

1.19 pm

Mr Chope: I do not intend to withdraw the Bill—it is important to put it to the test. Constituents up and down the country will want to see whether their Conservative representatives are doing their best to try to implement the manifesto commitments on which we were elected at the general election, or whether we are prepared to allow those commitments to fall to one side because we are in a coalition. I understood that the Government were trying their hardest to implement the commitments, but from what the Minister has said, I remain to be convinced.

I am grateful to all those who have participated in the debate and those who have supported the Bill. I am particularly indebted to my hon. Friend the Member for Stone (Mr Cash) for his great knowledge on the matter; much of the Bill's drafting is owed to his work in the past. He mentioned Jeffrey Goldsworthy, who has written a document on parliamentary sovereignty—I say document, but it was published as part of the "Cambridge Studies in Constitutional Law".

Chris Bryant: He's written two!

Mr Chope: He has written more than one document. I find it odd that the Minister asserts that everything that Jeffrey Goldsworthy says on the important subject of parliamentary sovereignty is wrong, and that the Minister is right—he has many attributes, but I am not sure that he is a constitutional law expert. I would prefer to go along with Jeffrey Goldsworthy's expertise in the absence of any other compelling legal arguments.

I am grateful to my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) for raising some interesting points, not least when he intervened when the Minister objected to clause 1. The Minister seems to be under the illusion that the courts in this country can only interpret legislation, rather than apply common law principles. My hon. Friend bowled the Minister middle stump on that.

I am also grateful to my hon. Friend the Member for Witham (Priti Patel) for her support. She has done the House and the people a great service in tabling a host of probing and effective written questions that have exposed the Government's policy for what it is—the Government are far too relaxed about the further erosion of our sovereignty.

I commend the hon. Member for Rhondda (Chris Bryant) on the brevity of his speech. There is a lot to be said for Opposition Front Benchers making similarly short speeches when they do not have any support on their own side of the House at all, as is the situation today.

The idea that the UN resolution passed last night is inconsistent with the Bill is far fetched. May I suggest a better analogy? When this country went to a war in Iraq that, arguably, was illegal under international law, we were not prosecuted by some international criminal court. However, if we went into something that was at odds with the decisions of the European Court of Justice, we would be prosecuted and taken before that Court on the continent. That is the difference.

The Minister suggests that various details of the Bill could be made clearer. One way to do so would be to ensure that clause 2 refers to clause 1. However, the essence of the Bill is in clause 1, which stands on its own, reaffirming the sovereignty of this Parliament.

Mr Cash: Does my hon. Friend agree that it is highly significant that the Government have rewritten—I am glad to say—the explanatory notes to make it quite clear that the supremacy of the United Kingdom Parliament is understood in those terms by the Government?

Mr Chope: My hon. Friend made a good point on that, to which the Minister did not really respond.

I tried earlier in the debate to give examples of where our sovereignty is under continued threat of erosion, not least of which was how we are left powerless when international courts make rulings against us. We are told that we cannot, as a sovereign Parliament, correct those rulings and redress the balance in a way that our constituents wish us to do. I am disappointed that my hon. Friend the Minister did not respond to any of those issues, so the best thing to do would be to press the Bill to a Division.

Question put, That the Bill be now read a Second time.

The House divided: Ayes 6, Noes 42.

Division No. 234] **[1.25 pm**

AYES

Bottomley, Sir Peter	Rees-Mogg, Jacob
Cash, Mr William	
Chope, Mr Christopher	**Tellers for the Ayes:**
Donaldson, rh Mr Jeffrey M.	**Mr Peter Bone and**
Hollobone, Mr Philip	**Henry Smith**

NOES

Alexander, Heidi	Chishti, Rehman
Barker, Gregory	Corbyn, Jeremy
Brake, Tom	Doran, Mr Frank
Bray, Angie	Duncan, rh Mr Alan
Brown, rh Mr Nicholas	Fabricant, Michael
Bryant, Chris	Field, Mr Mark
Burstow, Paul	Gapes, Mike
Burt, Alistair	Hands, Greg
Byles, Dan	Harper, Mr Mark

Harrington, Richard
Hendry, Charles
Herbert, rh Nick
Hoban, Mr Mark
Howarth, Mr Gerald
Hurd, Mr Nick
Kaufman, rh Sir Gerald
Keeley, Barbara
Lammy, rh Mr David
Lidington, rh Mr David
Luff, Peter
Mahmood, Shabana
McDonnell, John
Miller, Maria
Penning, Mike
Penrose, John
Randall, rh Mr John
Rosindell, Andrew
Ruddock, rh Joan
Shapps, rh Grant
Tami, Mark
Vara, Mr Shailesh
Willetts, rh Mr David
Young, rh Sir George

Tellers for the Noes:
Angela Watkinson and Mr Robert Goodwill

Question accordingly negatived.

Local Government Ombudsman (Amendment) Bill

Second Reading

1.36 pm

Mr Christopher Chope (Christchurch) (Con): I beg to move, That the Bill be now read a Second time.

This important Bill would extend the powers of the local government ombudsman to provide redress against local authorities that unreasonably ban events on the grounds of health and safety. The inspiration for the Bill comes from none other than Lord Young, whose commendable report to the Government on these issues last autumn resulted in a number of Government commitments. The Prime Minister wrote a foreword to the report stating that the Government agreed with all its recommendations and were keen to see them implemented. One of the recommendations that strikes a chord with people up and down the country—and certainly with hard-working voluntary organisations and charities—relates to local authority interference in charitable and other public activities based on arguments about health and safety.

As a suitable curtain-raiser for my Bill, and with wonderful timing, the edition of the *New Milton Advertiser and Lymington Times* published on Saturday 12 March carried the headline "'Crazy' safety rules ban running in pancake races". The article went on to explain:

> "'Ludicrous' health and safety rules have been panned for stopping competitors running along Beaulieu High Street in the traditional village pancake races. The annual event was flipped upside down as children and adults—including firefighters—were forbidden from going faster than walking pace on Tuesday afternoon. They were permitted to toss their pancakes."

That was one thing that the health and safety people did not interfere with. The report went on:

> "One eager youngster was even disqualified for infringing the 'over-zealous' rules by breaking into a run to cross the finishing line first. The road was closed to traffic and although the running ban was imposed to protect children, it was extended to adult races for the sake of 'consistency'".

Needless to say, my hon. Friend the Member for New Forest East (Dr Lewis), who was not in Lymington at the time, made some very robust comments that were communicated to the local paper. Who would stand up and justify such a ludicrous state of affairs?

Tom Brake (Carshalton and Wallington) (LD) *rose—*

Mr Chope: Perhaps my hon. Friend is going to do just that.

Tom Brake: I am not going to do that, but I am going to ask my hon. Friend whether he has checked the veracity of that report. He will recall that a story went round the world about a head teacher who had banned children from taking part in conker competitions unless they were wearing goggles. It transpired that that had actually been a joke by the head teacher, and that it had turned into a "true story", even though it was nothing of the sort.

Mr Chope: I am sure that this story is correct. The reports in the *New Milton Advertiser and Lymington Times* have a reputation locally for always being very

[Mr Chope]

accurate. Its editor, Charles Curry MBE, is over 90. I think he is one of the oldest newspaper editors in the country and I know he is conscientious in ensuring that everything that appears in the paper is fully in accordance with the truth.

Sir Peter Bottomley (Worthing West) (Con): May I say how sorry I am that my hon. Friend did not move his Training Wage Bill? I would have voted for it, as I did for his sovereignty Bill, even though that needed some improvement. His second Bill did not need any improvement at all; I would have voted for it wholeheartedly.

On the present Bill, my hon. Friend has usefully drawn our attention to questions that need to be raised about local councils. We know that the Health and Safety Executive has tried to dispel the myths that have developed, and I pay tribute to the organisation. The conker incident was one it dealt with. As for local councils, however, my hon. Friend might want to turn his attention to the chilling effect of the questions that are raised. Too often, people ask whether there is a question that needs to be answered, but because they do not get an answer, they blame the local authority, which might not have taken any action and might not have been consulted. I hope that, whatever happens to the Bill, any local authority people reading our debate will agree to provide easy access to information and will try to let things happen rather than block them—unless there is an overwhelming reason why the organisers of an event need to be hindered.

Mr Chope: I am grateful to my hon. Friend for his intervention and for his indication of support for the Bill I did not move. I did not move it because the Government indicated that they would not support it, whereas they have expressed—informally, at any rate—some support for this Bill. It is important for Bills to make progress as well as be subject to debate, so I thought it would be better to move straight on to my Local Government Ombudsman (Amendment) Bill. I am sure that the issues raised in the Training Wage Bill can be debated on another occasion, as they are fundamental to our current record level of youth unemployment.

Sir Peter Bottomley: May I, through my hon. Friend, invite every employer—public, private or voluntary—to ask how many young people they employ and why the numbers are so few? If the numbers are few because the cost is too great and the effect of employing them not great enough, we can raise their effectiveness, lower the cost or both.

Mr Chope: My hon. Friend makes an excellent point. The message from it is that we need to do more preparation to ensure that the next time my Training Wage Bill or similar provision is brought forward, the Government have to face the pressure from employers and from youth organisations, which should help to see it carried through.

As far as local authority issues are concerned, I share my hon. Friend's point that we must not tar all local authorities with the same brush. Indeed, the Institution of Occupational Safety and Health showed its sense of humour and commitment to the game of conkers by sponsoring the conker championships after the incident mentioned earlier. It wanted to shrug off the spoilsport image and dispel the myth that it makes children wear protective goggles for a playground game. It also entered a team in the world conker championships held in Ashton, Northamptonshire back in 2008.

Sir Peter Bottomley: Is it possible that that team used plastic protective gloves when dipping conkers in vinegar to harden the outside in order to get a better chance of winning?

Mr Chope: I do not have that sort of information. Since this is all mythical, I am sure that could not have happened in any case, any more than people would have put their conkers in the oven without using protective oven gloves. Obviously, my hon. Friend has great experience in dealing with conkers. One of the most dangerous aspects is using the skewer to make a hole through the centre of the conker, as people need to make sure that they do not puncture themselves at the same time. This all goes down to experience, and why should we not allow people to gain experience in the normal way in the hurly-burly of everyday life and have a bit of fun at the same time? Why are we creating a health and safety culture in which people over-react or fail to act responsibly?

Henry Smith (Crawley) (Con): I am distressed to hear about the Shrove Tuesday fun deniers in Hampshire. When we are putting through a Localism Bill, it might initially sound counter-intuitive and centralising to give more powers to the local government ombudsman, but we must remember that localism devolves powers to, and through, individual citizens and communities. What we are discussing is a great example of protecting the individual celebrations that enrich the lives of many of our communities.

Mr Chope: I share my hon. Friend's misgivings. It is extraordinary that a national Parliament should have to intervene, and that we cannot have common sense applied at the local level, but if that is how it is, that is how it must be. In his report, Lord Young hoped that it would not be necessary to introduce too much legislation to implement his recommendation, but said that legislation would have to be introduced if there was no other way of ensuring a sense of perspective and proportionality.

I am delighted that my right hon. Friend the Minister for Housing and Local Government will respond to the debate, and I am grateful to him for his informal communications with me over the last couple of days about the Bill. The Bill was drafted as an attempt to implement Lord Young's recommendation. Clause 2 states:

> "Where a local authority bans or imposes restrictions on any event on the grounds of health and safety, the local authority must provide the event organiser with written notification of the decision on the day on which the decision is taken…The written notification must include…the details of the ban or the restriction, and…reasons why the ban or the restriction has been imposed…On receipt of a written notification an event organiser may ask the local authority to review the decision and the local authority must conduct such a review within two weeks of the request being received and issue written notification of its further decision to the event organiser."

If the local authority must justify its decision in the first place, and give reasons for it, it will probably be a lot more cautious about seeking to ban such events. An

individual officer could not use his discretion or apply his prejudice to ban such events, as he would be brought to the attention of the chief executive and councillors of that local authority and have to provide justification. If the matter had not been dealt with satisfactorily within a fortnight, it could ultimately be referred to the local government ombudsman. The Bill would not impose an enormous extra burden on the local government ombudsman, but, in effect, would use his office as a long-stop to ensure that sanity prevailed in relation to health and safety issues.

The Beaulieu pancake race is only the most recent example. The examples that hit the headlines are inevitably the tip of the iceberg, as many other organisations are inhibited from even embarking on such activities because of fear of health and safety problems. I have various press cuttings, one of which, from Tameside, states:

"Town hall chiefs have denied being killjoys after they banned sparklers from Bonfire Night celebrations. Families going to the Richmond Street fair and firework display in Ashton have been told the children's favourite is prohibited",

because of

"health and safety considerations...A sparkler can reach temperatures of 1,000 degrees centigrade."

I am surprised that we still allow sparklers even to be sold in the shops and that so many Members of the House have managed to get this far in life without being burned by a sparkler or having our children burned by sparklers.

There are many examples, including one in my constituency in Ferndown, where the erection of Christmas lights was banned not on the grounds of religion, fortunately, but on the grounds of health and safety. In another cutting, the BBC reported on 1 December that a west Wales town in Cardigan was told that it must go without Christmas lights in the main street because of health and safety concerns. Then, there is an example from the Virtual Festivals website, which reported that at a Devon rock festival last July a band was told that it would have to be without one of its props for an upcoming performance, because the use of a UFO—a fake spaceship—was banned on health and safety grounds,

"which deemed the elevated object a hazard to those in attendance."

Sometimes, councils or organisers get around such bans by being imaginative. When a rugby club was told that it could not have a big bonfire on bonfire night, it showed its initiative by having a virtual bonfire. The club erected large screens so that people could see a picture of a big fire, and it had sound effects, giving people the impression that the fire was burning strongly. They had quite a lot of liquor to go with it, and I think that it was a very successful event. So it is not all bad news, but, because of the current ludicrous regime, people have had to use their initiative to try to get around such health and safety bans.

Other examples include sack races being banned because the children might fall over and hurt themselves and donkey derbies being banned because the children might hurt themselves. In May 2008, in the donkey derby at Llandudno in Wales, children were replaced as riders by inflatable animals because of health and safety laws, and there is the well-reported story of children not being allowed to wear swimming goggles in the pool on the basis that the goggles might snap and damage their faces. And so it goes on.

We have a killjoy atmosphere and a defensive approach to health and safety, and that is linked—this is obviously not part of my Bill, but part of the background to it—to Lord David Young's concerns about the creation of an atmosphere in which people feel that they must not take risks because, if they do, they might open themselves up to significant compensation claims. Another of his recommendations is to try to deal with the so-called compensation culture, which I think lies behind many of these crazy examples.

In almost complete contrast with the first Bill today, which deals with reaffirming the sovereignty of the United Kingdom Parliament, this is very much a niche Bill designed to make our country a happier and more joyous place, to encourage more local participation and voluntary activity and to increase the range of activities in which children and adults can participate voluntarily, so that, when the history books come to be written, people do not find that all those traditional activities, which are held in villages and towns throughout the country each year, have been reduced to the lowest common denominator and can be exercised only virtually rather than in reality.

I propose that the Bill be read a Second time, and in so doing I thank the Minister for his indication that the Government are quite supportive of it. If it were ever to go into Committee, it would be some sort of record for myself, because, although I have spoken on numerous Bills in the Chamber on a Friday, I have yet to get a Bill into Committee, so I live in hope that this might be the one that breaks the mould.

1.54 pm

Barbara Keeley (Worsley and Eccles South) (Lab): I have a few points to make and questions to ask. The Minister may be able to respond to some of them.

One question is whether measures such as this are "localist" or "centralist". While we have been dealing with the Localism Bill, what I have considered to be sensible amendments and suggestions have been rejected by Ministers on the grounds that they would impose burdens and extra costs on local authorities. We must be careful not to do that in this Bill. Has the Bill a centralist aspect, and should that be avoided? Perhaps the Minister will tell me what he thinks.

Another question is whether the proposed measures could be contained in guidance rather than a Bill which, potentially, imposes burdens on local authorities. Given that the Localism Bill confers 142 order-making powers on the Secretary of State, it would be surprising if there were not some way of incorporating this Bill's provisions in them.

Clause 2(1) requires a local authority to

"provide the event organiser with written notification of the decision"

to ban or impose restrictions on an event

"on the day on which the decision is taken."

I find that rather peculiar. In my experience of local government, we hold our meetings in the evenings. It does not strike me as feasible to require a local authority to give written notification on the day on which a decision is taken. It is just a question of wording. I think that some reasonably short time should be specified instead.

Mr Chope: Will the hon. Lady give way?

Barbara Keeley: It might be more helpful if the hon. Gentleman allowed me to run through my questions first.

Clause 1(3) uses the word "unreasonably" in relation to decisions to ban on the grounds of health and safety. It also appears in the Bill's long title. The question of what is reasonable and what is unreasonable is a tricky one, although I think we all recognise that, over time, some silly decisions have been taken. The hon. Gentleman cited some of them. Anyone whose event is banned for any reason will feel that the decision was unreasonable, and I fear that burdens would be imposed on local authorities if every decision were challenged.

Clause 2(3) requires a review to be completed

"within two weeks of the request being received".

Again, I am concerned about the possibly unnecessary extra burdens that that might impose on local authorities. A good event organiser would tend to seek permission for an event a long time before organising it. In my locality, such events as triathlons and marathons are often organised a year in advance.

We hear many stories about decisions that are taken for health and safety reasons, but I think it important for us not to denigrate health and safety entirely. At the time of the Young report on health and safety, a TUC health and safety officer, Hugh Robertson, said:

"For sure, silly things are sometimes done in the name of health and safety and the behaviour of some claims firms can be reprehensible. But the real health and safety scandal in the UK is the 20,000 people who die each year due to injury or diseases linked to their work. A serious review of health and safety would put far more emphasis on dealing with this avoidable death and suffering."

I think it important for us to bear that in mind.

We have heard about firework displays being abandoned and pancake-tossing races being restricted, but let me make a serious point. On Sunday morning I was at a schools rugby tournament watching my nephew playing for Glasgow Academicals. He and his team played very well, but one of the boys suffered a broken leg in the game. That schools tournament was being held at a ground with proper facilities, and an ambulance safely transported the injured young player. He was able to rejoin his team with his leg in plaster, and be a hero on the way home. We must bear in mind, however, that there can be terrible injuries in rugby matches. This match was being played by 11-year-olds, and they were engaging in contested scrums. If a young person were to suffer a serious neck injury, for example, we would not want them to be a long way from medical help with no suitable transport or paramedics to deal with it. In some sporting events, such as fast contact sports or those involving water, there can be terrible injuries, and there must be a sensible consideration of health and safety to ensure that any such injuries are dealt with properly.

I ask the Minister and the hon. Member for Christchurch (Mr Chope) to address the concerns I have raised and the points I made about localism and centralism.

2.1 pm

The Minister for Housing and Local Government (Grant Shapps): I am grateful to my hon. Friend the Member for Christchurch (Mr Chope) for having brought this important issue before the House. As he points out, it is a great concern of the coalition Government. We think that the balance between enabling events to take place and health and safety considerations may well have got out of kilter over the years. Reference has been made to the 2010 report by our friend Lord Young "Common Sense, Common Safety", the purpose of which was to look across Whitehall to identify those health and safety laws that had got out of kilter with the reality on the ground.

I know that my hon. Friend is keen to break with his track record of not necessarily getting his private Member's business through this House, and I shall turn to that topic later. First, however, I want to address some of the key issues he raises, in particular with reference to local authorities, which are the main focus of his Bill.

The Government believe that local authorities have become overly cautious in respect of health and safety—not on all occasions, and not necessarily right across the country, but certainly in individual instances. It is not difficult to find stories that demonstrate that. Indeed, my hon. Friend highlighted many such stories during the debate. Examples include banning sparklers because they are supposedly so dangerous that no child should be allowed, even under supervision, to go anywhere near one, and banning conker fighting. Most people will recall conker fights from their school days.

Chris Leslie (Nottingham East) (Lab/Co-op) *indicated dissent.*

Grant Shapps: The hon. Gentleman shakes his head. He obviously was not a conker-fighting champion, and it is clear that he carries the burden of that to this day. He should know, however, that conker fighting is a long-established sport in many schools. The notion that we can remove all danger—all possible injury or risk—from every circumstance is a concept whose time has past.

Mark Tami (Alyn and Deeside) (Lab): Does the Minister agree that health and safety is sometimes used as an excuse? For instance, schools banning conker fighting is probably more about staff not wanting to clear up all the broken conkers that litter the playground—I remember that from when I was child—than any particular health and safety issue. We must always be careful when conker fighting, however: a friend of mine had a stone that looked remarkably like a conker, and he won many fights using it.

Grant Shapps: I am grateful to the hon. Gentleman for pointing out that conker fighting can sometimes be done in the wrong way. I well remember the many tricks, some of which have been mentioned in the debate, including baking the conker in advance.

Mark Tami: And using vinegar.

Grant Shapps: Yes, that is a chosen way to try to harden the conker, but I must bring the hon. Gentleman some bad news in that regard: I do not believe that vinegaring conkers does make them sturdy for the purposes of conker fighting.

To be fair and balanced, I must add that there are genuine reasons why activities—conker fighting or otherwise—can and may be banned. The hon. Member

for Worsley and Eccles South (Barbara Keeley) rightly pointed out that there are significant health and safety concerns about deaths that happen in the workplace and she cited a figure of 20,000 deaths each year. One death is too many, so health and safety has an important role to play.

However, this debate is about whether health and safety is used as an excuse to prevent perfectly legitimate activities taking place—my hon. Friend suggests that it is—and whether people are overcompensating for the possibility of danger in almost every activity. I am familiar with the stories we hear each year of local authorities choosing to be overly prescriptive and cautious whenever any festival is celebrated—one thinks of the royal wedding that is coming up next month. A woman was recently in the news as she had been told that she could not put bunting up outside her house because it attached to a lamp post across the way. She was told that even though she had been doing this for decades—suddenly this was deemed to be dangerous. I had heard the stories of the Christmas lights that are not put up. I had not heard about the Devon rock festival and the UFO spaceship prop, but those examples sounded bizarre.

An issue has arisen through health and safety being used as a backdrop in order to ban things. Lord Young of Graffham published his report in October, rightly pointing out that more needs to be done to rein back the overzealous use of health and safety laws to ban things. This brings us to the nub of my hon. Friend's argument, which is that the local government ombudsman could be provided with powers, through this amendment to the way in which he operates, so that he could pare back the more extreme health and safety excesses. The Government are sympathetic to that idea, and I have indicated privately to my hon. Friend that we would like this to be done in time.

However, I now have to inform my hon. Friend that we do not think the Bill goes far enough. Lord Young's recommendations were clear on this matter. He made a number of recommendations about the compensation culture; the low-hazard workplace; raising standards; insurance; education; health and safety legislation; and local authorities. In particular, he recommended that when local authorities ban or curtail events on health and safety grounds, the official banning the event should write about those reasons and allow them to be presented to the organiser of the proposed event. The hon. Lady rightly pointed out that hearing a decision only on the day may not provide sufficient notice if a meeting takes place in the evening. That well made point demonstrates at least one of the things that needs a little further thought and investigation.

Lord Young says that his approach would allow citizens to have a route for redress when they want to challenge local officials' decisions. He said that local authorities should conduct an internal review of all refusals on the grounds of health and safety. In other words, he proposes that we go even further in order to provide redress, saying not only that councils should provide a written statement, which would not put the event back on and which would not make any difference at all, but that there should be some kind of process whereby citizens can see what has happened and why, and have the opportunity therefore to challenge it, perhaps through the local media.

Lord Young also says that citizens should be able to refer unfair decisions to the ombudsman and have a fast-track process to ensure that decisions can be overturned within two weeks. Again, this all depends very much on timing. The hon. Lady made the important point that some events are set up months, if not years, in advance, so putting in place some kind of fast-track process, perhaps taking no more than a couple of weeks, to examine and potentially overturn a bad decision would be a very good idea. Again, it would need to be incorporated in this legislation.

Mark Tami: The point that I was trying to make earlier was that councils use health and safety as an excuse. If it is not that, they will find some other reason to say that they cannot do it, because they did not want to do it in the first place.

Grant Shapps: That is a wise and well made point. Far too often, that is precisely what happens. As the hon. Gentleman said in his first intervention, there is an attempt to hide behind health and safety legislation in wanting to ban something while in fact having a completely different agenda. It is important that there are some powers of redress that go beyond the local authority merely explaining in writing that it has banned it, because it will trot out the usual reasons for the ban—it thought the event was dangerous for traffic, and so on—but will not give the proper and full redress that is required.

Sir Paul Beresford (Mole Valley) (Con): I had some slight experience of local government in the past. Does my right hon. Friend agree that he needs to look at the possibility that the local authority will, so to speak, fund it out? In other words, in order to close a road for a function—I will not name any councils, but I know of a few that tend to do this—it will come up with some exorbitant fee as an excuse, and then try to land that fee on the organisers.

Grant Shapps: My hon. Friend makes an excellent point. Indeed, there are often reports of precisely that, and I have seen it happen. It joins up with what the hon. Member for Alyn and Deeside (Mark Tami) said about how it is possible to hide behind the health and safety legislation in a variety of ways. When a local authority does not want an event to happen—perhaps it feels that it is in competition with something that it is doing—one way of avoiding it is to describe the problem as one of health and safety, but the other way is to price people out of the market. That goes completely against the spirit of localism, which I will talk about in a moment. There is an idea that local communities do not know best and that only a local authority can make these decisions, and they can hide behind excessive sums of money, making it almost impossible for organisers to put on the event. That is completely wrong, and it is something else that we are keen to address that is not yet encapsulated in the terms of the Bill.

Mark Tami: I know from my own experience of a case where the council said that the police had raised objections, for a whole host of reasons. People often then say, "Well, okay, the police have a problem, so we won't do it." When one follows it through and contacts the police to find out what is going on, they say they do

[Mark Tami]

not know anything about it. That goes back to the fundamental point that the council will try to price it out of existence or say that it is somebody else's fault, whereas the bottom line is that they simply do not want it to happen.

Grant Shapps: The hon. Gentleman is absolutely right. Too often apparently insurmountable blockages are placed in the way of organisers who, rightly, want to get out there and represent their communities. Perhaps they want to have a street party to celebrate the royal wedding or another festival, or just to bring the community together on their estate or in their neighbourhood through a community day, yet they are constantly blocked. At every turn there is a cul-de-sac—a reason why it cannot be done.

Often those reasons are entirely spurious and trumped up. The hon. Member for Alyn and Deeside mentioned the interesting situation in which the police apparently did not even know that they were being used as the excuse, or alibi, and cited as the fundamental blockage. Of course, that sounds very convincing. When a local authority officer tells someone that the police have banned the event, it is very hard to challenge that. It has an air of realism or likelihood about it—it sounds official—and of course that puts off all but the most tenacious citizens. Again, that is wrong.

Mr Chope: The Minister says, and I am grateful to him for it, that there is much in the Bill that he is content with, and that he wants it to go further. Will he explain how the Government propose to deal with the legislation arising from Lord Young's recommendations? I have proposed a number of private Members' Bills on individual items from that list of recommendations. How will the Government proceed with the overall implementation of the recommendations?

Grant Shapps: My hon. Friend should be under no illusion that we are a fundamentally deregulatory coalition Government who are keen to sweep away burdens. We want to allow people to break free, particularly in their own communities, in order to put on street parties or to change their communities through things such as neighbourhood plans. The direct answer is that we will implement the recommendations in a variety of ways, including through the Localism Bill, which has been referred to. The Bill takes forward many of Lord Young's ideas and concepts, including through neighbourhood plans, which will allow neighbourhoods to come together and describe the kind of place that they want to be. That cannot necessarily be blocked by the town hall. Suddenly, we will find that there is the flexibility to do many more things.

Barbara Keeley: I would not want this discussion to pass without saying something in defence of my local council. Hon. Members are very unfortunate in their experiences of local councils. Salford city council runs a lot of large community events, so it must be very different. It runs proms in the park, Christmas ice skating and many firework displays. We are obviously not as risk averse in my neck of the woods as those other places. I have found that the factor that does get in the way of events such as triathlons and charity fundraising runs, which I am very interested in, is clashes with TV football schedules, and I would be grateful if the Minister commented on that. If Manchester United are scheduled to be on TV at 3 pm, one can forget about a fun run. What is a council meant to do when the police say, "You can't have your run and this football match"?

Grant Shapps: Again, the police and the local authority have a legitimate role in, for example, crowd management and in ensuring that events go off smoothly. The hon. Lady mentioned her authority, so I will take the liberty of mentioning mine. Welwyn Hatfield council generally does a superb job on this sort of thing. It allows fun runs and each year there is a festival called Kaleidoscope, which now attracts upwards of 10,000 people. It started as a small, grass-roots, neighbourhood festival and has grown into something much larger. I pay tribute to the many local authorities that get this right. Of course, they do have to make judgments, along with the police and other authorities, about the safety of each individual event.

Sir Paul Beresford: I hope that the Minister, in putting the legislation together, will consider the other side of the argument. When I was a council leader, we had a file labelled "N.U.T.T.E.R.". There were vexatious individuals who used to plague the local authority for absolutely everything. The local authority has to be in a position to say no and, if the individual is persistent, to say no firmly once and for all.

Grant Shapps: I think that the whole House is grateful to my hon. Friend for his experience not only as a local authority leader, but of the residents who made up his local authority.

One reason I feel it is necessary to look further at this Bill, rather than rush into it, is that it raises some interesting points, such as those made by my hon. Friend just now and the shadow Minister. The question is, when is a decision reasonable and when is it not reasonable? Does the local government ombudsman have the position, knowledge or expertise to make such judgments? This is a serious point. The point of having the local government ombudsman is to provide redress for a problem that has happened, just as with the parliamentary ombudsman. Like other ombudsmen, the local government ombudsman does not usually judge whether something is within health and safety rules. To ask the ombudsman to do that would, I fear, be to ask it to create a new structure or back-office function. After all, knowing what is health and safety and what is not is usually the product of experience. It comes from the development of procedures and from an awful lot of work by the Health and Safety Executive, local authorities, safety officers and so on. If the ombudsman were suddenly plucked out to make that judgment, that would go much further than its usual role of redress. For that reason and several others, I do not feel we have our ducks in a row as far as the Bill goes.

Mr Chope: On that point, I think my right hon. Friend misreads the Bill. I want the ombudsman to adjudicate and to intervene where the process has not been complied with. I rely on the transparency of the

process to bring to public attention the reasons for banning something, in the hope that there would not be any need for further adjudication.

Grant Shapps: I am grateful to my hon. Friend again. His intervention demonstrates that there is quite a bit more work to be done before we all feel that sufficient procedures are in place and that the ombudsman would not overstep into a role of judgment on health and safety grounds, which I think would be taking things too far.

In the few minutes remaining, I wish to address some of the other comments that have been made. The hon. Member for Worsley and Eccles South was interested to discover how we thought the Bill fitted with the idea of localism. I know that she has gained good experience—or at least experience—from the Localism Bill Committee, and that she has examined the matter carefully. We believe that localism can flourish only if we put a framework in place. If we say to people, "Just go and do whatever you want", but there are no rules, no framework and no guidance—nothing in place at all, not even a skeleton—that is not a route to localism. The natural order would regain control and local authorities and central Government would revert to type.

We need to put limitations in place, and the Bill is in that spirit and is intended to do exactly that. It is intended to put in place a degree of control, with the possibility that citizens will have power over their local authorities rather than the other way around.

Barbara Keeley: I am fascinated to hear that the Minister thinks we should have frameworks. Perhaps he would like to tell me—it might be slightly out of context, but he has brought us on to this point—why we do not have a national planning policy framework when we do have legislation that will bring in neighbourhood plans. If neighbourhood plans can be linked to the Localism Bill, that will be important, but that Bill has almost reached Report without having a framework in it.

Grant Shapps: I do not want to try your patience by taking us too far off the subject of the local government ombudsman, Mr Deputy Speaker, but the simple answer is that we will have a national planning framework. It will be consulted on by the summer, and it will be put in place as precisely what Members are arguing for this afternoon—a framework within which everyone can operate fairly.

There is certainly a lot that is good about the Bill that we are discussing today. The intentions behind it are certainly in the right direction, but my concern is that we have not yet gone far enough for it. We have not had the opportunity to work out how the local government ombudsman would make the decisions set out in the Bill, particularly if it had a quasi-adjudicatory role, which I think it almost certainly would.

Mark Tami: Does the Minister agree that when people go to the ombudsman, they perhaps do not realise that, as the hon. Member for Christchurch (Mr Chope) pointed out, it is about process? It is not about outcomes, it is about whether people have been treated fairly and whether the correct steps have been taken. People who have come to me have often thought that it is more about the outcome than the process.

Grant Shapps: I am grateful to the hon. Gentleman for his intervention, and he is absolutely right. It is often misunderstood that the ombudsman is there to look at process and not to sit as judge and jury or make up or develop case law. The Bill as currently drafted misses that point, although I take the point of my hon. Friend the Member for Christchurch that that is not intentional. We need to do further work to ensure that the ombudsman's role is appropriate—if, indeed, that is the way to go.

We want not only to resolve the issue and peel back the layers of health and safety, which all too often stop good community activities taking place, but to go further. We want to ensure that, throughout the country, come next month, there are street parties wherever people want them. The cost has already been mentioned, and we do not want people to pay for, for example, closing the road on the eve of the royal wedding. Some groups might want to hold a celebration on the day itself, and they have to go through the whole process and fill in all the documents again.

I am sure that many Members have been involved in such events, but for those who have not, they are not insubstantial pieces of work. The documents that must be completed before any public event can go ahead often run to 20 to 40 pages. They ask a range of questions, many of which are way beyond the remit or knowledge of the individuals who fill them in. More often than not, they are nothing to do with the type of event that is put on. Too often, they are not accessible online and people still have physically to go to the town hall to pick up the paperwork. The bureaucracy is sometimes way out of kilter with the size of the event, which can often be small and involve people in only a few dozen houses. Again, we reach the uncomfortable position whereby people are simply prevented from taking part in the big society around them. That should not happen.

The Government's view is that local authorities should help. They should not only accept that such events can take place and that people ought to be able to do things without unnecessary intervention from the 'ealth and safety police, but encourage the events. An important part of living in a local community is having the ability to do things, not because the Government have said that people have to do them, or the local authority has decided to stage a fun day, although that is perfectly legitimate, but because local residents—the community—have got together and made the decisions. Nothing could be more powerful in helping a community develop and produce better community relations than people coming together and doing those things themselves. I call it my painting the wall test. If people paint their own wall, they have some pride in the work; if somebody else does the job, it is just another wall. Community events, which bring the entire residential community together, are enormously important.

We must sweep away the health and safety culture that far too often prevents that. The Government will seriously consider introducing plans. We need a little more time to ensure that some of the loopholes that we have identified in the important debate this afternoon are ironed out. However, I give my hon. Friend the Member for Christchurch an undertaking that we will

[Grant Shapps]

endeavour to do that. I would welcome the opportunity to work with him and other hon. Members to ensure that we get it right.

We believe that implementing Lord Young's recommendations is an enormously important part of ensuring that health and safety regulations are pared down to the point where they pass the common-sense test: is the risk involved in proportion to the benefit from the activity? That is a simple test, which can easily be applied and accommodated. However, we need to go a little further, and not just write something to the event's planner to say that it is out of order for whatever reason, but ensure that citizens have a right of redress. They should know why their event was unable to go ahead and how many such events the local authority or those nearby are cancelling. We should consider whether a power ought to be vested somewhere, notwithstanding the complications that we have discussed about the ombudsman and others—

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 13 May.

Business without Debate

DOMESTIC VIOLENCE, CRIME AND VICTIMS (AMENDMENT) BILL

Bill read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

CARERS (IDENTIFICATION AND SUPPORT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 10 June.

FREEDOM OF INFORMATION (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 17 June.

MASTER'S DEGREES (MINIMUM STANDARDS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 21 October.

MEDICAL INSURANCE (PENSIONER TAX RELIEF) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 1 April.

MINIMUM WAGE (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 14 October.

PARLIAMENTARY STANDARDS (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 1 April.

Financial Services (South-east London)

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

2.32 pm

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): I am grateful for this opportunity to raise concerns shared widely across south-east London about the threatened closure of a large number of Nationwide branch offices. That is part of an even wider programme of branch office closures by Nationwide that will impact on many other areas, but the scale and nature of the closures in south-east London are particularly extreme and have aroused substantial anger and concern. I am pleased to have the support this afternoon of my constituency neighbours, my right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) and my hon. Friend the Member for Lewisham East (Heidi Alexander), whose constituents will also be seriously affected by the closures. I am sure that they will add their comments in so far as time allows.

Before getting into the details of what is happening, let me make it quite clear at the outset that the debate is not just a knee-jerk reaction to the threatened closure of one or two local branches. Like my right hon. and hon. Friends, I fully understand that any organisation operating on Nationwide's scale must review from time to time the viability of its branch network in the light of changing demographics and trading patterns. We are not arguing for preserving the full existing network of branches in aspic. Change is inevitable, but what is not inevitable and is particularly shocking about Nationwide's proposal is the closure of every single branch in inner south-east London while all the outer south-east London branches remain unscathed.

I realise that we cannot use visual aids in the Chamber, but a quick look at the map would make clear the scale and enormity of Nationwide's actions, and I ask the Minister and colleagues to try to visualise its proposals. All seven existing branches inside the south circular road in south-east London—Walworth road, Peckham, Lewisham, Catford, Blackheath, Greenwich and Woolwich—are to close. At the same time, all the branches outside the south circular road—Beckenham, Bromley, Petts Wood, Orpington, Sidcup, Eltham and Bexleyheath—are to stay open. That is quite simply a crude and discriminatory exercise in which the leafy suburbs are favoured while inner London is punished. Not only is that socially divisive, but it leaves a huge section of London without access to the branches of the largest surviving mutual building society.

I estimate that some 670,000 people live in the area affected by the closures—the whole population of the London boroughs of Southwark and Lewisham and two thirds of the population of the London borough of Greenwich. Putting this in perspective, this is more than the entire population of a large city such as Sheffield or Manchester. Suggesting that an organisation calling itself Nationwide should entirely pull out of Manchester or Sheffield would be self-evidently extraordinary, but that is precisely what it is doing in inner south-east London.

Not surprisingly, this has provoked a great deal of anger and concern. Constituents who have contacted me as well as Nationwide have made their views very clear. Mr Daly from Woolwich writes to say:

> "The suggested alternative Nationwide branches to Woolwich are Eltham and Bexleyheath which are not easy journeys, especially by public transport. The decision in respect of the Woolwich branch I find baffling as it is always busy and I don't see how closure of this branch can be justified".

Mr Aldous from Blackheath says:

> "Does the Nationwide as a mutual not have a moral obligation to the inner suburbs, where the presence of mutuals can help economic renaissance? Does the Nationwide, as a mutual, not have an obligation at least to consult its members in a timely and meaningful way before taking such a drastic decision?"

Mr Kidley of Westcombe Park writes:

> "It rather looks as if someone drew a five mile circle around my house and decided to close all branches inside the circle. I can understand that the Blackheath branch could be replaced by Lewisham and Greenwich for most people, though I will miss the very helpful staff at Blackheath. I really cannot see how it makes sense to close the Greenwich and Lewisham branches, both of which are local transport hubs, easily reached from much of South East London. I can only assume that Nationwide is no longer much interested in South East London business".

Mr Reader from Greenwich writes:

> "I find this decision completely unacceptable by a major branch. I could stomach closure of my branch, but to close my next nearest six branches as well defies logic. I would ask that you contact the Nationwide and ask that they reconsider and show more respect for South East London customers, staff and local communities".

That is precisely what I did, but when I met Mr Matthew Wyles, the group distribution director of Nationwide, on 1 March, the response was frankly shocking. Nationwide was clearly unwilling to reconsider its decision and showed little or no concern for the interests of its customers. When it suggested that none of the seven inner south-east London branches was economically sustainable, I pointed out that this might reflect on how Nationwide was running its business, as it seemed inconceivable to me that a major financial institution could not make a single branch viable in such a large and diverse area. Mr Wyles responded by saying:

> "I can't explain it to you because I myself can't understand the reason".

Nationwide's behaviour is all the more extraordinary when one looks into the history of the various branches. Some were opened relatively recently. Indeed the Nationwide chief executive, Graham Beale, boasted less than four years ago when opening the Woolwich branch:

> "The branch is in a central location and is a prime example of the investment and commitment Nationwide has in its branch network".

I expect he regrets these comments now. He probably also regrets the fact that these closures come at a time when Nationwide is running a high-profile advertising campaign, including the lines:

> "With no shareholders our only focus is you. Talk to the mortgage experts. Ask in branch".

This is frankly adding insult to injury to the residents of inner south-east London who unless Nationwide reconsiders will be left with no branches to visit.

By contrast with the recently opened Woolwich branch, the Greenwich branch has a long and distinguished history. Originally it belonged to the Greenwich building society, which when established in 1809—more than 200 years ago—was the first recorded building society in London. In the 1990s, as consolidation occurred throughout the sector, the Greenwich building society

[Mr Nick Raynsford]

merged with the Portman building society, which in time was absorbed by Nationwide. That long history of serving the community that I am proud to represent is now being snuffed out without any serious exploration of options to keep at least some of the local branches open.

What is particularly galling about this sad process is that Nationwide had its origins as the Co-operative building society, and continues to proclaim its commitments to mutuality. Indeed the advertisement to which I have referred uses the strap line, "Proud to be different". The cynic might say that Nationwide will certainly be different from other banks, if it no longer has any branches in inner south-east London, but that is hardly something to be proud of. It is sadly reminiscent of that unhappy period in the 1970s when mortgage lenders had a tendency to "red line" inner-city communities that they regarded as undesirable and refused home purchase finance in those areas.

Those practices are now largely confined to the dustbin; indeed American experience has shown that many supposedly impoverished inner-city areas can be profitable locations for financial institutions to work in. The position in the US is helped by the Community Reinvestment Act, which imposes an obligation on banks to demonstrate that they are adequately serving low and middle-income communities. Will the Minister give some attention to whether similar obligations might be considered in the British context, if financial institutions disregard the interests of their inner-city customers?

I would also appreciate the Minister's thoughts on how the objectives set out in the coalition agreement to

"protect consumers, particularly the most vulnerable"

and

"to promote more responsible corporate and consumer behaviour"

might be applied in the context of Nationwide's actions. Specifically, I draw his attention to the commitment in the agreement to

"bring forward measures to enhance customer service in the private and public sectors".

Unless Nationwide accepts that it is making a serious mistake and agrees to consult its customers further on options to maintain access to some branches in the area, it will stand accused of walking away from the inner city, from its history, and from social and economic responsibility. It will be a sad epitaph to the long, proud history of mutuality in the financial sector.

2.41 pm

Heidi Alexander (Lewisham East) (Lab): I congratulate my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) on securing this debate. When I first learned about Nationwide's proposals to close two branches in my constituency, I admit to giving it the benefit of the doubt. Rather naively, I thought that, like many other companies, it was going through difficult times and needed to reduce its overheads. I assumed wrongly that the closures would be a small part of a national rationalisation of branches and that the building society's customers in south-east London would be treated no differently from anyone else. How wrong I was.

My initial generosity of spirit turned to complete disbelief when I discovered, as my right hon. Friend said, that out of a total of 700 branches across the country, there are 13 closures, seven of which are in south-east London. Two of those branches, in Catford and Blackheath, are in my constituency and two others, in Lewisham and Greenwich, are located within easy walking distance of many of those whom I represent. Hundreds if not thousands of my constituents rely on those branches to do their banking. My constituents may not be buying lots of insurance or putting thousands of pounds into individual savings accounts, but they use their local building society branch to do the sorts of things that people all over the UK do—some to access their bank accounts, others to manage their mortgages.

Why is Nationwide closing a swathe of branches in south-east London? It seems to come down to what are known as transaction patterns. Basically, transaction patterns are not as profitable in south-east London as they are elsewhere. This means that Nationwide, regrettably, sees its customers with a south-east London postcode as something of a drag on its business. Basically, customers who live in south-east London do not make it enough money.

I am sorry to say that when my right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) and I met Nationwide's group distribution director and suggested to him that Nationwide customers would simply take their business elsewhere, he did not convince me that he cared. In fact, I left the meeting wondering whether Nationwide would be quite glad to see the back of them. When we pressed him further on why so many branches were closing and why Nationwide was not retaining a central branch, say, in Lewisham, he suggested that demand would be so great for that one branch that it would just "topple over"—I think he referred to it as a "vortex effect". We were left thinking that there are clearly enough customers wanting to use a branch in south-east London, yet Nationwide is still determined to press on with its closures.

It is tempting for me to rehearse the arguments that have already been made, but I will not because I know that time does not permit. Suffice to say that ours are not the parts of London where people have easy access to the internet at home, or where people want to do everything by telephone. There is a reason why I have 40 people coming into my advice surgery every fortnight. They want to speak to a human being, because it is easier and more convenient. I do not know why their building society will not give them that same opportunity, and I do not know why Nationwide is giving that opportunity to people living in leafier parts of south-east London but not to my constituents.

I wholeheartedly agree with the comments made by my right hon. Friend the Member for Greenwich and Woolwich, and I join him in urging the Minister to look carefully at this situation and to consider what, if anything, he can do to encourage Nationwide to reconsider its decision. It seems ironic that the UK's biggest building society—which does, after all, call itself "Nationwide"—will have a high street presence only in those parts of the country where there are healthy profits to be made. I cannot help but think that it is nationwide except for those people on modest incomes and for those in my corner of south-east London.

2.46 pm

Joan Ruddock (Lewisham, Deptford) (Lab): I congratulate my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) on securing the debate. With the Minister's indulgence, I am to be allowed to say a few words on behalf of my constituents. I want to give the last word to Stella, who wrote to me on her own behalf and on behalf of the 140-plus customers of the Lewisham branch of Nationwide who have signed her petition. She says:

"I am particularly concerned at the proposed closure of the branch in Lewisham High Street where I have been a customer for 33 years. The argument that the Nationwide gave me when I complained was that it was not a profitable branch and that they had to consider the needs of the millions of other members of the society. I don't know how many of the 265,000 residents of Lewisham are members of the Nationwide but I can guess that several thousand of us have our mortgages and savings with them and there has been no consultation with us. Even more troubling is that the staff who work in the branches did not know that this was being proposed until the day before the letters announcing it arrived on members' doormats."

Stella goes on to talk about the advertisements for the Nationwide that encouraged people to "apply in branch". She asks:

"How? When the nearest branches are a couple of bus rides away and I know that some disabled customers whom I met at the branch will find that a very real inconvenience. It does not seem to make business sense to close all the branches in the area as many local people will then close their accounts and transfer to other banks. When I suggested that they could have combined the three Lewisham branches into one larger branch the area manager replied that they could not find premises. They can't have been looking very far as I was easily able to identify two eminently suitable premises at a short distance from their existing, well-used branch in Lewisham High Street. Previously I have been proud to say that I banked with the Nationwide as it combined efficiency with a strong ethical sense, safeguarding the principles of mutualism, but now it seems to have forgotten its roots and seems to be behaving as badly as the other banks and targeting people in poorer areas with an even poorer service."

As my right hon. Friend has said, we have put all these points to the Nationwide, but we could not get a satisfactory answer. I wrote a letter to the chairman, whose reply demonstrated complete contempt for the Nationwide members in our area. The public have long been sickened by the behaviour of the bosses of the major banks in this country, but it is a very sad day indeed when our largest mutual shows the same disregard for its loyal customers.

2.48 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): I congratulate the right hon. Member for Greenwich and Woolwich (Mr Raynsford) on securing a debate on this issue, and on the powerful way in which he raised the concerns of his constituents. The hon. Member for Lewisham East (Heidi Alexander) and the right hon. Member for Lewisham, Deptford (Joan Ruddock) echoed those concerns about the closure of the branches by the Nationwide building society. I recognise their concerns about the impact of the closures on south-east London. I raised similar concerns when I met Graham Beale, the chief executive of Nationwide, yesterday.

As I am sure right hon. and hon. Members will know, decisions on the opening and closing of branches and agencies are taken by the management team of each bank or building society on a commercial basis, and the Government do not intervene in those decisions. All banking service providers will need to balance customer interests, market competition and other commercial factors when considering their strategy. So, while the closures that we are discussing are a commercial decision for Nationwide, I would like to respond to right hon. and hon. Members' concerns by setting out the Government's commitments to improving customers' experiences of dealing with financial services institutions more widely.

I also want to tackle the issue of access to financial services, especially among the most vulnerable groups in society. When I looked at the measures of financial exclusion in south-east London, I found that this was clearly a big issue for residents in all three constituencies. I shall set out how the Government are responding to support the financial mutuals and I will end with a few comments about increasing competition in the banking sector.

The coalition is committed to improving access to basic financial services, especially for those vulnerable to exclusion. The Government believe that banks and building societies should serve the economy and we are committed to improving access to banking and the transparency of financial products to consumers. We are therefore working actively to ensure that all consumers can access an appropriate mix of financial services.

We should bear in mind that bank or building society branches are not the only channels for accessing financial services; nor are they necessarily favoured by consumers on low incomes. For many people, the barriers will be significantly greater than simply having no local bank or building society branch to visit. Simply saying, as the right hon. Member for Greenwich and Woolwich did, that we should introduce a community reinvestment Act, as the US did, is not the solution given the differences in financial services between the UK and the US.

It is important to acknowledge the real progress that has been made on tackling financial exclusion in recent years. The most recent figures show that since 2002-03 the number of adults living in households without a transactional bank account has decreased from 3.5 million to just over 1.5 million in 2008-09. The unbanked now represent just 3% of the population. Banks have improved the provision of basic bank accounts for those who need them.

There remain a group of people who are unbanked. A recent review by the Financial Inclusion Taskforce found that the remaining unbanked are generally the poorest and most deprived people, and it recommended a number of minor changes to existing basic bank accounts to make them more accessible and easier for poorer households to use. It also highlighted the scale of the challenge of extending bank accounts to those who currently do not have them. As more people open bank accounts, we see the unbanked becoming concentrated in hard-to-reach, more deprived groups. We must think carefully about how to work closely with those groups to get people to open bank accounts and access the benefits that they bring.

We should not assume that simply because someone does not have a bank account, they have not previously held one. Six out of 10 unbanked people have previously held a bank account, but no longer hold one because it did not work for them: they might have been charged

[Mr Mark Hoban]

too much or perhaps it did not give them right amount of control over their finances. So we believe it is important to find solutions that go with the grain of how people run their lives. Many unbanked consumers express a preference for managing their finances in cash. They want direct control over their spending and can often feel that having a bank account takes that away from them.

We see an important role for the Post Office in promoting access to financial services. The Post Office has more branches than all of the retail banks put together, and an important part of the future sustainability of the Post Office will be the continued growth of revenue from financial services. The Government are also ambitious for all UK current accounts to be accessible through the post office network, making post offices the convenient place for people to access their cash.

The Government are working with banks, building societies, e-money service providers, bill payment organisations, retailers and post offices to pursue new ways to improve the opportunities for low-income households to make the most of their money. We should recognise that the model of banking is changing and that people are increasingly turning to prepayment cards or e-money as a way of controlling their finances or paying bills online. I believe we should encourage the development of safe and convenient new financial services, using those channels.

Let me now deal with mutuals. They are clearly seen by many people as more accessible to those who cannot, or do not want to, readily access banks. The coalition believes that a strong mutual sector should have the capability greatly to enrich British society. It is in the Government's interest to do whatever they can to help the mutual sector prosper and grow, and it is in everyone's interest to achieve that in a sustainable way.

Over the last few months, I have had the opportunity to start a meaningful dialogue with the mutual sector about its ambitions, what services it can offer and how it can overcome hurdles that have been holding it back. We recognise that one of the strengths of mutuals is that they do not have to pay dividends to their shareholders, but they do have an obligation to their members. They have to strike a balance between meeting their wider obligations to the communities in which they are based—the people they serve—and providing returns to their members through higher interest rates on savings or lower costs of borrowing. It is their ability to compete that ensures that they remain viable in the long term. Such considerations are at the heart of every decision made by building societies.

Clearly, there is an appetite for change in the way in which financial services operate, and mutuals stand well placed to respond. To achieve that, the Government are implementing a number of legislative reforms to help to create a more equal playing field in financial services, thus promoting diversity of ownership and a better challenge to the banks. The legislative reform order for industrial and provident societies and credit unions will be relaid before Parliament shortly, and will introduce many basic yet far-reaching reforms that will enable credit unions to modernise and grow and fill some of the gap that banks and building societies have chosen not to fill or been unable to fill. After the LRO comes into force, we will also take forward the implementation of the Co-operative and Community Benefit Societies and Credit Unions Act 2010, which will bring the industrial and provident societies' name into the 21st century as co-operatives, and modernise the powers available to update the legislation in future.

We are also keen to ensure that we do as much as possible to reduce the costs faced by mutuals, so that they can spend more of their income on meeting the needs of members. We will lay an order shortly to give mutual societies the option to use electronic communications to engage with their members, rather than sending statutory information by hard copy, enabling them to reduce costs and invest more in their businesses.

Credit unions in particular have made great progress in recent years in bringing affordable financial services to people who would not otherwise be able to access them. We are providing additional support to such institutions, outside the regulatory and legislative process. Building on the financial inclusion growth fund, the Department for Work and Pensions will continue to support credit unions for four years through a new modernisation and expansion fund worth up to £73 million. The new fund will seek to extend access to basic, appropriate financial services to many more people on lower incomes, through modernising delivery and customer support systems so that credit unions can become financially sustainable. We also see real opportunities for the post office network in building closer links with credit unions. In future, the Government want to see credit unions—in partnership with the post office—providing more services, more efficiently, to more people, and through the Department for Work and Pensions we are looking at the most feasible ways to make that happen.

On competition, through supporting the development and sustainability of financial mutuals, whether building societies or credit unions, the Government seek to address concerns that there is too little competition in the retail banking sector. Furthermore, the Government have established the Independent Commission on Banking, to make recommendations on both structural and non-structural measures to change the current banking system, and promote stability and competition, to the benefit of both businesses and consumers. That will include looking at the issue of consumer choice and considering measures to reduce market concentration. The commission will publish its interim report next month and a final report in September. The Government look forward to receiving its recommendations and will then decide on the best course of action.

I thank the right hon. Members for Greenwich and Woolwich and for Lewisham, Deptford, and the hon. Member for Lewisham East, for raising this important issue. I recognise the importance of access to financial services in south-east London. Clearly, more work needs to be done to encourage access and ensure the right provision of services to people in their constituencies. I hope they can see that the Government are committed to ensuring that everyone, not just in their constituencies but across the country, can access financial services so that they can play a full role in society.

Question put and agreed to.

2.58 pm

House adjourned.

House of Commons

Monday 21 March 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION

The Secretary of State was asked—

Primary Schools (Halifax)

1. **Mrs Linda Riordan** (Halifax) (Lab/Co-op): What plans he has to allocate funds for the modernisation of primary schools in Halifax. [47457]

The Secretary of State for Education (Michael Gove): On 13 December, we announced the 2011-12 capital allocations to cover a growing demand for pupil places, especially at primary school. We also announced a sum for maintenance. It is for local authorities to determine how capital is allocated for pupil places, and the James review on capital will report shortly, following which we can decide other allocations for schools, and for the years from 2012-13 to 2014-15.

Mrs Riordan: I thank the Secretary of State for his answer, but may I ask him about a specific school in Halifax? Moorside primary school has been promised a new build, but under Government cuts the local community fears that the plans will be shelved. Will he confirm to the House if and when that will happen, as the school desperately needs modernisation?

Michael Gove: I am grateful to the hon. Lady for making the case for that primary school. Sadly, the state of the school estate that we inherited from the previous Government was such that many schools, particularly primary schools, require investment. We will consider every case sympathetically, and I hope that I or a member of my ministerial team will have an opportunity to talk to her to see what we can do to help in that particular case.

Special Educational Needs

3. **Anne Marie Morris** (Newton Abbot) (Con): What proposals he has to improve the quality of teaching of children with special educational needs. [47459]

The Minister of State, Department for Education (Sarah Teather): Our Green Paper on special educational needs and disability set out proposals to improve initial teacher training and continuing professional development so that leaders and teachers in schools and colleges are well equipped and confident to identify and overcome a range of barriers to learning and to intervene early when problems arise.

We will encourage schools to share expertise and learn from best practice and ensure sharp accountability for pupils' outcomes.

Anne Marie Morris: Will the Minister look at how we can help young people with special educational needs make the transition into work, given that they are more than twice as likely as their peers to be not in education, employment or training?

Sarah Teather: Transition is at the heart of what we are trying to achieve with the Green Paper, and the reason for setting out an education, health and care plan from nought to 25. The focus is much more on outcomes, specifically to try to deal with transition, so that we start planning for independent life at a much earlier stage. The Green Paper sets out the direction of travel, and we hope to get input from across Government. I encourage people with a specific interest in the subject to respond to the Green Paper and give us their views on whether it meets young people's needs and whether we should do more.

Bill Esterson (Sefton Central) (Lab): Is the Minister aware of the concern in local authorities about the impact of the cuts to councils on their ability to provide central advisory teams for SEN? Does she realise the impact that that has in dramatically reducing SEN provision when schools do not buy back into those services?

Sarah Teather: We recognise that local authorities throughout the country are having to make difficult decisions, just as the Government are. However, money is not always well spent at the moment. For example, much money is wasted on the adversarial system, with parents unnecessarily going through tribunals. There is often a real push to get expensive independent provision that can be a drain on local authorities' resources when, if we could get some of the necessary health care delivered earlier, parents would not necessarily push to go all the way to the expense of independent provision. A lot more can be done to spend the money that we have better.

Paul Maynard (Blackpool North and Cleveleys) (Con): I thank the Minister for the Green Paper, which is a wonderful document. However, may I draw her attention to Tourette's, which appears to have been lumped in with many other developmental disorders, when it is specifically a neurological disorder? That perpetuates many of the concerns of people with Tourette's about how society treats them.

Sarah Teather: The issue of Tourette's and ensuring that we provide for children and young people with that condition is extremely important. If my hon. Friend has specific concerns about the way in which the Green Paper tackles it, I would be grateful if he wrote to me. I will ensure that that is taken into account as we move on.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): While I very much welcome the Green Paper and many of its aims and principles, especially proposals to improve teacher training, there is real concern across the sector that Ministers perhaps forgot to look out of their Whitehall windows to see what is happening on the ground now. Councils are laying off key SEN professionals, children's centres are closing and disruptive reorganisations of our NHS and schools systems are making it harder, not easier, for local services

to work together. Given all that, how confident is the Minister that the promises in the Green Paper can be delivered?

Sarah Teather: I thank the hon. Lady for her kind words of welcome for the Green Paper and recognise that she has spoken positively about it before. I hope all parties can work together, because on the whole, I have had helpful input on the Green Paper from Labour Members, just as I have had from Government Members.

As I just said in response to the hon. Member for Sefton Central (Bill Esterson), we must recognise that, like the Government, all local authorities must make tough decisions, because of the state of the finances that were left by the previous Government. Nevertheless, the whole point of the Green Paper is to raise the bar to ensure that we have good quality provision right across the country. The pilots process will test how we deliver working together better, and I hope we will ensure such provision and raise standards everywhere.

School Funding

4. **Mr Chuka Umunna** (Streatham) (Lab): What his policy is on the future of devolved formula capital grant funding for (a) primary and (b) secondary schools. [47460]

The Secretary of State for Education (Michael Gove): We announced on 13 December 2010 the 2011-12 allocation of devolved formula capital money for primary and secondary schools, including academies. After the conclusion of the James review into capital spending, which will report shortly, I will decide on allocations for this programme for 2012-13 to 2014-15.

Mr Umunna: Research by the House of Commons Library shows that that funding which goes towards computers, building work and repairs, is due to fall by £26,000 per primary school and £86,000 per secondary school, which is on top of Building Schools for the Future cuts. That was first brought to my attention by heads of schools in my constituency. How does the Secretary of State expect to raise standards across the country when he is slashing funds to maintain the basic infrastructural fabric of our schools?

Michael Gove: I am grateful for the moderate way in which the hon. Gentleman couches his question. The sad truth is that the Government did not have the information available to know quite how dilapidated the schools estate that we inherited was, because in 2005 the previous Government abandoned any systematic collection of data about the state of schools. More than that, we inherited a situation in which the Office of Government Commerce had warned the previous Government that there was insufficient investment in additional pupil places. That is why we doubled the amount of capital spending on additional pupil places. As a result, we have had to make economies elsewhere, but we have prioritised where the previous Government failed to.

Mr Rob Wilson (Reading East) (Con): Many urban areas in the south-east, such as Reading, will shortly have enormous pressure on their primary and secondary school places. For planning purposes, it is important that they can look further ahead than 2012. What can my right hon. Friend do to assist local education authorities that are struggling, and under the most pressure, with additional pupil places?

Michael Gove: We have doubled the amount of money that local authorities have to spend on additional pupil places this year. The James review will give all local authorities a greater degree of confidence that every penny that is spent on pupil places can be spent more effectively and efficiently.

Special Needs and Disabilities

5. **Dan Rogerson** (North Cornwall) (LD): What plans he has for single assessments and education, health and care plans for children with special educational needs and disabilities. [47461]

6. **Penny Mordaunt** (Portsmouth North) (Con): What support statemented children will receive under his proposals for the assessment of children with special educational needs; and if he will make a statement. [47462]

The Minister of State, Department for Education (Sarah Teather): The Green Paper announced that by 2014 we will replace special educational needs statements with a single assessment process and an education, health and care plan. The new plans will keep the same legal entitlements to provision as SEN statements and will build on statements with a commitment from all parties, including health and social care, to provide their services. We will be running pathfinders testing out the single assessment and plans from September.

Dan Rogerson: Families will welcome the progress towards a simpler, single assessment system. Will my hon. Friend reassure families and parents that their protection under the current statementing system will continue under a single process?

Sarah Teather: I can reassure my hon. Friend that that is indeed the case, but I hope that we will have an improved process, because all parties will come together to do the assessment, and then agree a plan and how to pay for it. I hope that that will improve the situation for families who have to move between one service and another to try to persuade someone to pay for something, such as speech and language therapy, which happens all too often.

Penny Mordaunt: The Green Paper promotes a more sparing use of statementing, which is broadly and widely welcomed, but does the Minister appreciate that a statement is sometimes the only clout a parent has in ensuring that their child's needs are met? In the future, how will we ensure that parents still have that clout?

Sarah Teather: Nothing in the Green Paper discourages local authorities from statementing. For example, we have tried to make it clearer that local authorities ought to be providing the same protection for under-fives. However, many children and young people will have a need below the level that we would expect to be provided for by a statement. Schools still have a requirement to do their best to serve those children, and I hope that our work on teacher training will improve that support.

There is also the work listed in the Green Paper through which we want to provide a local offer, so that it is much clearer for families what should normally be available, and so that the process is less combative for parents trying to get help. I hope that that will support families who have a child with a special educational need or disability, regardless of whether it reaches the level of a statement.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Does the Minister recall that a review of these issues just a few years ago identified the issue of transition and concluded that we should address the problem of people leaving school and the educational system? That can be a traumatic experience. Is it still a focus?

Sarah Teather: Indeed. There is a whole section in the Green Paper on transition. As I said, the whole reason for changing to the education, health and care plan that runs up to the age of 25 is to focus much more on outcomes and to begin that planning process at an earlier stage. To make things better for young people, we need all Departments to work together. This is not just a matter of providing better educational opportunities. However, there is a lot in the Green Paper about what we want to do to improve the quality of provision, including, for example, in the further education sector and the quality of skills training there. This requires a whole-Government response. That is what we want, and the Green Paper is the first step towards it, but transition is an essential part of planning and one of the things that frightens parents the most about having a child with a special educational need.

Mr Jim Cunningham (Coventry South) (Lab): About 18 months ago, I had discussions and introduced a ten-minute rule Bill on this very issue. Will the Minister say what happens beyond the statements she expects to be made in September?

Sarah Teather: I am most terribly sorry, but I could not catch the hon. Gentleman's question. Would it be in order for him to ask it again?

Mr Cunningham: Without going back over it all, will the Minister tell me what happens beyond the statements expected to be made in September from schools about what they are going to do about the medical situation of children?

Sarah Teather: I am most terribly sorry, but I wonder whether the hon. Gentleman could write to me. I did not follow his question. If he writes to me, I will respond straight away.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Saxmundham primary school in my constituency has made remarkable adaptations in order to include the education of a child called Finlay. It might be useful for other schools to learn from that experience. I am particularly interested in his transition to secondary school.

Sarah Teather: While drawing up the Green Paper, we met people from schools with fantastic examples of good practice in working to help support young people moving from one stage to the next. We are grateful for all examples of good practice, and we want to encourage other schools to raise the bar. Some brilliant work has been done. For example, some schools have encouraged young people to set up their own enterprises and companies and in doing so given them real employment opportunities. I would be interested to hear more detail about the school in the hon. Lady's constituency.

Baccalaureate

7. **Fiona Mactaggart** (Slough) (Lab): What recent representations he has received on the English baccalaureate. [47463]

10. **Julian Smith** (Skipton and Ripon) (Con): What recent representations he has received on the English baccalaureate; and if he will make a statement. [47467]

The Secretary of State for Education (Michael Gove): We have received a number of representations on the English baccalaureate since it was announced. Public opinion surveys have shown that this new league table measure is widely welcomed, and on recent school visits, I have been encouraged by the vocal support that teachers and head teachers have shown for this new measure of achievement.

Fiona Mactaggart: Has the Secretary of State seen the survey of 100 school teachers by the National Association of Music Educators and the National Society for Education in Art and Design that suggests that in 60% of schools that responded there has been a narrowing of the curriculum as a result of the introduction of the English baccalaureate? Would he consider adding a further subject to the suite of subjects in the English baccalaureate, so that it is not all about writing and what other people do, and to ensure that there is an opportunity for young people to do something practical and create or make things themselves, so that we do not reinforce the division between practical and academic learning?

Michael Gove: That is a very well made argument from the hon. Lady, and I sympathise with the case that she makes. It is important to appreciate that the English baccalaureate does not and need not take up the entire teaching time in any school day or week. The reason why it is constructed as it is, with just the five areas that we are familiar with, is to ensure time in the school week for other activities, such as art and design, music, physical education—everything that helps to build a truly rounded young person. There is no need to alter the English baccalaureate for schools to offer a truly rounded and stretching curriculum, and I would love to be able to work with her to ensure that the schools in her constituency appreciate that.

Julian Smith: Schools across Skipton and Ripon are delighted about the E-bac, but there is concern about religious education. Are there any plans in the near or medium term to review the decision to exclude RE from the E-bac?

Michael Gove: I know that a number of schools and hon. Members have pressed for additional subjects in the English baccalaureate, but the reason why religious education is not included is that it is a compulsory subject at all stages in the national curriculum to the age of 16. The reason why it is not included in the humanities section of the English baccalaureate is specifically so that we can drive up the take-up of history and geography, which are currently not compulsory after the age of 14.

Kevin Brennan (Cardiff West) (Lab): Ofqual says that the Secretary of State has asked it to look at A-level and GCSE re-sits, including in the English bac subjects. We learnt this month that it took the accident-prone Secretary of State seven attempts to pass his driving test and that his car was badly damaged recently when he got it stuck in a car parking lift. If it is seven times for Gove, how many chances will mere mortals get to pass the bac?

Michael Gove: I am grateful for the assiduous attention that the hon. Gentleman pays to the written work that my wife contributes to *The Times* every week. I will give him eight out of 10 for practical criticism and nine out of 10 for creative writing in that question. The truth, however, is that, witty as he is—and he always is—I note that there was no intellectual assault on the principle of the English baccalaureate. Just five weeks ago, the shadow Secretary of State, the right hon. Member for Leigh (Andy Burnham), was denouncing the English baccalaureate; just two weeks ago, he was wearing a badge celebrating failure in the English baccalaureate. Now the hon. Gentleman wants us to help everyone pass the English baccalaureate. *[Interruption.]* I am afraid that his interventions from a sedentary position cannot hide the fact that when it comes to driving, there are two manoeuvres for which the Secretary of State—

Kevin Brennan: Shadow.

Michael Gove: Thank you. The two manoeuvres for which the shadow Secretary of State is preparing are: a U-turn on his academy position, which he has already executed, and now another U-turn, which I can sense him undertaking on the English baccalaureate. I celebrate the fact that he is manoeuvring out of the way of the criticism of those of us on this side of the House who believe in higher standards.

Mr Graham Stuart (Beverley and Holderness) (Con): Can the Secretary of State confirm that the English baccalaureate is not compulsory, that schools retain the right—indeed, the duty—to offer an appropriate curriculum to their pupils, and that schools such as university technical colleges will not be obliged to ensure that at least 80% of pupils' time up to the age of 16 is spent on academic subjects?

Michael Gove: The Chairman of the Select Committee on Education has not only asked an excellent question but given a superb summary of the beneficial effects of the English baccalaureate and the flexibility inherent in the coalition's education proposals.

School Funding

8. **Greg Mulholland** (Leeds North West) (LD): When he plans to announce his proposals for capital funding for schools. [47464]

The Secretary of State for Education (Michael Gove): I announced the capital allocations for schools for 2011-12 in December last year. The James review of capital funding is considering how we can get better value for money out of capital allocations in future years. When it reports shortly, we should be in a position to explain what capital allocations will be in place for all schools from 2012-13 onwards.

Greg Mulholland: The excellent Prince Henry's grammar school in my constituency was failed for many years by the wasteful Building Schools for the Future programme, so I warmly welcome that capital funding. How will the Secretary of State ensure that it targets schools such as Prince Henry's, which have a clear need to get their buildings up to scratch—that is, to a standard that he and I would wish for?

Michael Gove: My hon. Friend presents a very passionate and well-informed case on behalf of his constituents on this occasion, as he does in every case. The truth is, sadly, that the situation we inherited meant that money did not go to the schools that were most dilapidated but to those schools that were favoured for political reasons by the last Government. For that reason, we shall ensure that any system of capital allocation in the future focuses explicitly on need.

Mr Geoffrey Robinson (Coventry North West) (Lab): The Secretary of State will recall the correspondence and meetings that we have had about two schools in Coventry—President Kennedy and Woodlands—neither of which benefited politically in the way he suggests. Is there anything he can tell us today, or if not, could he write to me about those two well-deserving cases about which he and his Department are now so well briefed?

Michael Gove: I am grateful to the hon. Gentleman and to the right hon. Member for Coventry North East (Mr Ainsworth) and the hon. Member for Coventry South (Mr Cunningham) for making the case for their schools. We know that there are schools in Coventry that are, frankly, in a terrible state and deserve support, and one reason I know that is that I have seen the evidence with my own eyes. What I do not have, I am afraid, is a detailed survey of the state of school buildings across the country, because such an exercise was abandoned by the last Government after 2005. For that reason, I am afraid, the Department for Education does not have adequate data about the state of our school estate. I am afraid it is the Ministers who were responsible for education under the last Government who are responsible for that terrible omission.

Mr Richard Bacon (South Norfolk) (Con): What lessons does the Secretary of State think can be learned from Mrs Pauline McGowan, the head teacher of Woodton primary school in my constituency, who, told by county hall officials that she could not make the required changes to her building for less than £200,000, worked with local architects and builders and managed to achieve exactly what she wanted for the £70,000 of capital funding she had available—just 35% of what public procurement officials had said would be required?

Michael Gove: That is a very good point. The truth is that under the last Government the building regulations, the planning rules and the way in which capital was allocated under Building Schools for the Future was inherently wasteful. The people who lost out were those in constituencies—like that of my hon. Friend and that of the hon. Member for Coventry North West (Mr Robinson)—that were in desperate need of additional cash. Even though we have inherited a dreadful financial situation, we will ensure that every penny is spent more effectively in the same way as the admirable head teacher in my hon. Friend's constituency has succeeded in doing.

Toby Perkins (Chesterfield) (Lab): The Secretary of State's comments about the state of the school estate in comparison to what it was like after the Conservative Government in 1997 are nothing short of a disgrace. The reality is that this year the average secondary school has had its budget for maintenance and repairs cut from more than £105,000 to less than £20,000. The Secretary of State has spectacularly failed to stand up for our schools and our schoolchildren. Does that not fatally expose how vacuous his claims are to have found more resources for schools this year?

Michael Gove: That question was beautifully written, almost as though it had been carved in marble by a master mason. The truth is that no one on that side of the House can afford to clamber on to their high horse when it comes to school buildings. It was that side of the House that inherited a golden economic legacy and squandered it. It was that side of the House that betrayed a generation of young people by giving us a record deficit and a record debt. It was that side of the House that presided over a schools building programme that was reckless, profligate and inefficient. It was that side of the House that put political convenience and partisanship ahead of our young people. Frankly, even though the hon. Gentleman was not in the last Parliament, every time he comes to that Dispatch Box to talk about the state of our education system or school buildings, there is only one word we need to hear from him, and that word is sorry.

History

9. **Andrew Rosindell** (Romford) (Con): What plans he has for the future of history teaching in schools; and if he will make a statement. [47465]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): We believe that the teaching of British history is vital, and that is why we are reviewing the national curriculum in England. We will consider whether history should be a compulsory subject in the curriculum at each key stage, and if so, how the programmes of study should be revised.

Andrew Rosindell: Is the Minister aware that Ofsted has found a lack of chronological understanding of British history among many pupils? Will he tell us what the Government are doing to ensure that every child across the United Kingdom has a full understanding of the good and great traditions that have made our country what it is today?

Mr Hayes: There is no more robust or redoubtable advocate for our island story and the teaching of history than my hon. Friend. He is right that Ofsted has highlighted considerable weaknesses in how history is taught, and I can reassure him that, through the measures I have described, the Government will restore history to the heart of the school curriculum so that children learn that unless we can map the past we will not navigate the present or chart our way to the future.

Free Schools

11. **Charlotte Leslie** (Bristol North West) (Con): Whether all those whose bid to open a free school in September 2011 was successful have been notified of the outcome of their bid. [47468]

The Minister of State, Department for Education (Mr Nick Gibb): We are delighted with the overwhelming response that have received from proposers wishing to set up free schools, and we are seeing no signs that the demand is subsiding. That is why we are introducing a new decision-making process for 2012. We have already notified all proposers who wish to open free schools in September 2011 of the outcome of their proposals, and the list of successful proposals is available on the Department's website.

Charlotte Leslie: Constituents of mine who are members of the Oasis parents action group have been subjected to considerable angst because they have not been notified by the key bidders of the success or otherwise of their free school bid. They have been left very confused about the choices available for their children in September 2011. Will the Minister consider measures to ensure that that never happens again, and can he confirm that the Department is now working as fast and as strongly as it can on the only successful free school bid, from Bristol city council and local parents, to ensure that there is a school on the St Ursula's site in September 2011?

Mr Gibb: I understand the concern felt by parents in my hon. Friend's constituency. Our policy is to inform the lead proposers of the outcome of their proposals, and we expect them to inform all those involved. I assure my hon. Friend that we are actively engaged in discussions with all the parties involved with the aim of finding a solution in relation to the Bristol free school project. Indeed, the project's lead official has been meeting and talking to officers from the city council.

Lisa Nandy (Wigan) (Lab): Given that the Secretary of State seems to be unable to find money for schools that desperately need rebuilding, will the Minister tell us how much money his Government have promised or awarded to free schools?

Mr Gibb: We announced in December that the capital allocation for 2011-12 would be £800 million for basic need, £858 million for capital maintenance and £185 million for devolved capital, which amounts to £2 billion out of a £4.9 billion capital budget. The difference between those two figures covers the BSF commitments and an allocation for free schools.

Mr David Ward (Bradford East) (LD): The proposed King's Science Academy in Bradford—for which, miraculously, £10 million has been found—has described itself in its application as a "non-selective" school. Is the Secretary of State as surprised as I am that it has already started sifting applications for admission, and, according to its website, intends to use a "non-verbal reasoning test"?

Mr Gibb: I should be happy to take up that case. If my hon. Friend will write to me, I will respond immediately.

Mr Iain Wright (Hartlepool) (Lab): The Secretary of State's free schools policy seems to be shrouded in secrecy, rather like the whereabouts of 500 ministerial responses to Members' unanswered parliamentary questions. At a time when mainstream schools face severe cuts in their budgets, local areas must be able to

judge whether free schools offer the best use of public money. The Minister failed to answer the question posed by my hon. Friend the Member for Wigan (Lisa Nandy), so I shall give him another go. Will he tell us how much money has been promised to free schools for 2010-11 and 2011-12, and where that money is coming from?

Mr Gibb: I can tell the hon. Gentleman that £35 million has been allocated to free schools this year. We will be completely transparent about this. As soon as a free school opens, all the details of the funding agreement will be made public once all the figures relating to that school are known.

Free School Meals

12. **Andrew Bridgen** (North West Leicestershire) (Con): Whether he plans to review the eligibility criteria for free school meals. [47469]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): Under current arrangements, eligibility for free school meals is focused on children in non-working families to ensure that those who are most in need receive that valuable help. Universal credit will replace existing benefits, and the Department is working with the Department for Work and Pensions to develop new free school meal eligibility criteria. We will also consider free school meal eligibility in 2012, in the light of the evaluation of the current pilot schemes relating to extended eligibility.

Andrew Bridgen: When I have visited schools in the more deprived parts of my constituency, it has been apparent that many parents are currently too proud to claim free school meals, feeling that a stigma is attached to them. Can my hon. Friend assure me that the free school meal criteria will be reviewed regularly, and that efforts will be made to inform parents of the importance of registering for them, given that the pupil premium is allocated according to free school meal take-up rather than eligibility?

Tim Loughton: I believe that 7,490 pupils under 16 in maintained schools in my hon. Friend's area are eligible for free school meals. That is about half the national take-up. It is important for the pupil premium to be available to those in the most deprived areas, and we will of course monitor the situation to ensure that a perception of stigma does not prevent people from registering.

Mr Ronnie Campbell (Blyth Valley) (Lab): Is the Minister aware that the Liberal-led coalition at Northumberland county council is talking about taking hot meals away from all children in Northumberland? If he is, what is he going to do about it?

Tim Loughton: I am not aware of what Northumberland county council may be intending to do, but if the hon. Gentleman writes to the Department I am sure we can look into it. I hope he will acknowledge that the additional money that will come into his area for the most deprived children through the pupil premium will provide considerable help to those children who might not be getting a hot meal at home.

School Curriculum

13. **Mr Douglas Carswell** (Clacton) (Con): What steps he is taking to enable schools to determine their own curriculum. [47470]

The Secretary of State for Education (Michael Gove): Academies have total freedom to determine their own curriculum and our review of the national curriculum will ensure that more schools have flexibility over how they teach.

Mr Carswell: I welcome the proposals to relax curriculum requirements. It is vital to allow schools to innovate, but is there not a danger of some unwelcome innovations, such as the thematic curriculum approach that did much to damage Bishops Park school in my constituency? Will Ministers therefore make certain that schools are downwardly accountable to local mums and dads for what and how they teach to ensure that we have a creative approach to curriculum innovation rather than a kooky one?

Michael Gove: I am grateful to my hon. Friend for the case he makes. I know that the school he mentions had to be closed under the previous Government because it was not responding to what local parents wanted and was not providing a high enough quality of education. The coalition Government are ensuring that there are measures in place—floor standards—to ensure that if any school falls below a particular level at GCSE performance, we will not be afraid to intervene to ensure that all parents have a guarantee that standards are maintained. We will also publish more data in weeks to come on how schools perform so that there can be that accountability, direct to parents, for what their children are taught.

Design

14. **Chris White** (Warwick and Leamington) (Con): What steps his Department is taking to support the teaching of design in schools. [47471]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): We have been funding the Design and Technology Association to provide continuing professional development for design and technology teachers to enhance their subject knowledge, and we intend to continue to provide this funding while we are reviewing the position of the subject in the national curriculum.

Chris White: I am grateful for the Minister's response. I am sure that everyone recognises the need to build a more creative and innovative economy and the important role that teaching design and technology must play in that. Will he assure the House that the Government will continue to promote the teaching of design and technology within schools and inform us of any steps being taken to meet that end?

Mr Hayes: The white heat of technology has never been more important. Britain's future chance of success lies in our being a high-tech, high-skilled nation, which is why the Government have agreed an unprecedented level of commitment and expenditure for apprenticeships,

which are being taught in many schools. We will continue to build that high-tech, high-skilled nation. I recommend our strategy to my hon. Friend—signed copies are available.

Academies (Chatham and Aylesford)

15. **Tracey Crouch** (Chatham and Aylesford) (Con): What recent progress has been made by schools in Chatham and Aylesford constituency which are converting to academy status. [47472]

The Minister of State, Department for Education (Mr Nick Gibb): The Department has received three applications to convert to academy status from schools in the Chatham and Aylesford constituency. Of the three schools that have applied to convert, two have received academy orders and the Secretary of State will consider the third application for an academy order very soon.

Tracey Crouch: The Minister will be aware that several schools across my constituency are keen to explore the possibility of becoming partnership academies. Will the Minister meet me and representatives of the schools to discuss the viability and future progress of these exciting proposals?

Mr Gibb: Yes, I would be delighted to meet my hon. Friend and a delegation. Officials met officers at Medway council on Thursday and discussed proposals made by five of the schools in Medway. Officials propose to hold follow-up discussions with the five schools either individually or as a group. I look forward to meeting my hon. Friend and discussing this matter.

Sports Facilities

16. **Mr Mark Spencer** (Sherwood) (Con): What his policy is on the provision of sporting facilities in schools. [47473]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): It is for schools and their sponsors and maintaining authorities to determine the range of sporting facilities in each school, consistent with statutory requirements. Education premises regulations include a requirement for access to playing fields as well.

Mr Spencer: I am grateful for that answer. Will the Minister tell me how he will support schools and governing bodies when local authorities withdraw from joint-use agreements, putting pressure on sporting facilities and their availability to not only pupils but members of the public?

Tim Loughton: My hon. Friend is right to say that it is absolutely essential that we have as many school facilities available as possible to people beyond those in the school cohort. Local authorities should remember that they have responsibility for determining non-school provision at a school site. Given that PE will remain a compulsory part of the curriculum, they really should be reminded of their duties, and of the fact that it is good for everybody to do more sport.

Teaching Standards

17. **Mr Dominic Raab** (Esher and Walton) (Con): What steps he is taking to improve the quality of teaching in schools. [47475]

The Minister of State, Department for Education (Mr Nick Gibb): The single most important determinant of a good education for every child is having good teachers, which is why we have set out plans to raise the professional status and standards of the teaching profession in the White Paper, "The Importance of Teaching". We will focus on recruiting the best candidates to become teachers. We will improve their training and give them more opportunities to learn from high performers in the profession.

Mr Raab: I thank the Minister for that answer. A YouGov survey found that for undergraduates the No. 1 deterrent to becoming a teacher is violence in the classroom; that is being compounded by fear of false and malicious allegations. What steps are the Government taking to protect the physical and reputational integrity of teachers, so that a career in the classroom attracts the best and the brightest talent?

Mr Gibb: Of course, my hon. Friend is right: violence in schools is completely unacceptable. The Education Bill, now in Committee, includes a wide range of reforms to increase teachers' ability to challenge poor behaviour. It introduces reporting restrictions, giving anonymity to teachers when allegations are made by or on behalf of a pupil. The reforms are intended to shift the balance of authority back to the teachers and head teachers in our schools, to enable them to provide a safe environment in schools where children are free and able to learn.

Ian Austin (Dudley North) (Lab): I am sure that Ministers will agree that the quality of teaching in schools is enhanced by the work of Saltmine, a fantastic charity based in my constituency that puts on plays for secondary school children to educate them about issues such as alcohol, drugs, racism and bullying. Will the Minister ask the Secretary of State to come and see one of these fantastic plays, and does he agree that despite the difficult decisions that schools have to make, reducing expenditure in that area would be very short-sighted indeed?

Mr Gibb: I do not know why the hon. Gentleman wants me to ask the Secretary of State to come along, and does not ask me to come along instead. I would be delighted to visit a school to see that work in action. The issues that the hon. Gentleman mentions are very important, and unless we get them right children will not be in the right place to access the curriculum and learn successfully.

Elizabeth Truss (South West Norfolk) (Con): I am concerned that some schools in South West Norfolk are struggling to recruit teachers in short-supply subjects and head teachers. Will the Minister consider improving the quality of teaching in Norfolk by rolling out Teach First to the county, and by relaxing rules on national pay bargaining to allow us to recruit teachers in those short-supply schools?

Mr Gibb: I appreciate the recruitment difficulties experienced in west Norfolk, and I am encouraged by the work being undertaken by Norfolk county council, supported by the National College for Leadership of Schools and Children's Services, to develop local solutions to meet the demand for head teachers. On pay, my hon. Friend will be interested to know that a further remit will be issued to the School Teachers Review Body later this year, asking for recommendations on how the pay and conditions system can be made less rigid. That work will build on the current extensive flexibilities, which will allow schools to pay, attract and retain teachers.

Student Information

18. **Mr Gordon Marsden** (Blackpool South) (Lab): What assessment he has made of the effects of reductions in local authority funding for education on the provision of information, advice and guidance for students at secondary level in Blackpool. [47476]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): We want to be helpful to local authorities and schools by giving them information on the changes taking place to careers guidance and the time scale for change. To that end, we will make an announcement shortly regarding the Government's approach to careers advice and guidance.

Mr Marsden: I thank the Minister for that reply, but does he not realise that as a result of the Government's cuts the Connexions service in Blackpool, and up and down the country, is already being shredded? Does he not realise that that needs to be addressed if he wishes to give emphasis to the policies he is proposing? Otherwise, when he has his new, all-age careers service, there will not be much of Connexions left for it to connect to.

Mr Hayes: The hon. Gentleman knows that local authorities will retain their statutory duty for all but careers, and the all-age service will make an immense difference in social mobility. It will give people a chance to fulfil their potential and be the best they can be. I do not want to be excessively critical, but I have to say that in many cases Connexions just did not do that adequately.

Education Maintenance Allowance

19. **David Wright** (Telford) (Lab): Whether children in care will automatically be eligible for funding through the scheme to replace education maintenance allowance. [47477]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): We are considering the arrangements for the new funding and what assurances might be given to particular groups of young people who might be facing barriers to participation. We will announce details of the new scheme shortly.

David Wright: We as a community have a collective responsibility for children in care, and it is crucial that they should have access to funding as a replacement for EMA. Will the Minister assure the House that he will really focus on that important group for which we have a collective responsibility?

Tim Loughton: I think the hon. Gentleman knows that children in care have been a particular interest of mine and that we are doing an awful lot to try to improve on the scandal of the poor outcomes they have experienced for too long. They will be at the head of the queue when it comes to the alternative arrangements for EMA, recognising the disadvantaged position in which most of the children in the care system find themselves, and we need to do everything we can to help them to catch up.

Topical Questions

T1. [47482] **Diana Johnson** (Kingston upon Hull North) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Education (Michael Gove): I am delighted to be able to tell the House that the number of academies in the state education system has now reached 465, which is more than double the 203 that we inherited from the previous Government. Since the scheme for schools to convert was opened in September last year, 195 schools have converted. In the first three years of the Conservative Government between 1979 and 1997 during which grant maintained status was available, only 50 schools converted, so the rate of academy conversion, and indeed the rate of school reform we are presiding over, is the fastest ever.

Diana Johnson: Hull's cut of £70 per child in children's services means that 13 of the 20 children's centres in Hull will effectively have to be mothballed and staffed only by a receptionist and a cleaner. I am sure that the Secretary of State will recall "Yes Minister" and Jim Hacker's visit to a hospital that had no patients. Would he like to visit the children's centres in my constituency that have no children?

Michael Gove: I am grateful to the hon. Lady for her question, and I am always grateful for the opportunity to visit the East Riding—

Diana Johnson: Hull is not in the East Riding.

Michael Gove: Well, historically it is.

Diana Johnson: It is not now.

Michael Gove: Moving beyond history and geography, let me address this specific point. The amount of money available in the early intervention grant to ensure that children's centres can stay open is higher than she implies, and sufficient to ensure that all local authorities can discharge their statutory responsibility to ensure that there are sufficient places.

T4. [47485] **Annette Brooke** (Mid Dorset and North Poole) (LD): Montacute special school in my constituency is in desperate need of new facilities. It was quite reasonably removed from the Building Schools for the Future list as the plans for a rebuild were not satisfactory at that stage. Would the Secretary of State or his officials be prepared to meet me either at the school or here in London to discuss a way forward?

Michael Gove: I shall specifically ask whether an official from Partnerships for Schools can visit the hon. Lady's constituency, at a time that is convenient to her and to the staff of the school, in order to see what can be done.

Andy Burnham (Leigh) (Lab): We found out last week that Education Ministers were the worst in Whitehall at answering parliamentary questions, with 496 questions unanswered. Given some of the non-replies we have heard today, they might well have just hit the 500 mark, so let me give the Secretary of State an easy one. We read last week that the Government's advocate for access to education, the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), is negotiating with the Chancellor ahead of the Budget to secure more money for the replacement for education maintenance allowance. Assuming that the Secretary of State has been kept informed of those discussions, would he care to give the House an update on progress?

Michael Gove: We are progressing very well in dealing with the problems that we were left by the previous Government, handling the deficit in our budget and the deficit in the number of students staying on after 16. I am pleased to say that we have already succeeded in securing more money for students after the age of 16, including £150 million more to help the most disadvantaged students who are staying on after 16. Participation is increasing, and we have managed to keep the number of 16 to 18-year-olds not in education, employment or training—NEETs—to an acceptably low level in this time of difficult economic news. We have done all this even though we were bequeathed a drastic fiscal situation by the Government of whom the right hon. Gentleman was a part.

Andy Burnham: After that reply, I make the running total 501. More money for students after the age of 16? I should be interested to know how the Secretary of State would back up that claim. The truth is that he is repeating tired old lines, which were blown apart last week by a letter from nine leading economists to *The Guardian*, in which they said that

"the EMA…is not a deadweight loss as the government claims…The argument that there is no alternative to scrapping EMA is false."

With youth unemployment at record levels, with fear rising of a lost generation, will the Secretary of State admit that he was wrong on EMA? Will he perform another of his famous U-turns and keep his party's promises to young people?

Michael Gove: I am grateful to the right hon. Gentleman for his question, but he should pay attention. It was pointed out at the time of the comprehensive spending review that we were spending more money on post-16 education. It is interesting that he should mention letters to *The Guardian*, because the one to which he refers was concocted by nine Labour-supporting economists as part of the save the EMA campaign, which is fronted by a Labour researcher, and is nothing more than a party political exercise.

If we are talking about letters to *The Guardian*, I recently read one from Professor Alison Wolf, who conducted a review of vocational education. She pointed out two things: first, hundreds of thousands of children were betrayed by the Government of whom the right hon. Gentleman was a member, because they were forced to take inadequate vocational qualifications. She also pointed out that the right hon. Gentleman was—

Mr Speaker: Order. The Secretary of State will resume his seat. This is not a debate—it is topical questions. I want brief questions and brief answers.

T5. [47486] **Mark Reckless** (Rochester and Strood) (Con): On Thursday, I saw the beginning of construction for Strood academy in my constituency. Does the Secretary of State appreciate the extent to which confirmation of that investment is appreciated in the local community, and would he visit my constituency to open the academy when construction is completed next year?

Michael Gove: My hon. Friend makes a good point, and I should be delighted to accept his generous invitation.

T2. [47483] **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): Laurence Jackson school in Guisborough is in the top 100 schools for sustained improvement at GCSE level, but, like Kilton Thorpe special school, its Building Schools for the Future budget has been cut, as has its harnessing technology grant, its extended schools grant, its gaining ground grant, its sports specialism funding, and its devolved capital funding grant. Have not Laurence Jackson and Kilton Thorpe school funds been redistributed to ideological free schools?

Michael Gove: Once again, that was a beautifully scripted and delightfully read question from a Labour Back Bencher. There is only one word that we need to hear from Labour politicians about cuts, which is "sorry" for the economic mess they bequeathed us. It is monstrous hypocrisy and intellectually inadequate to prate about cuts when the Government they supported were responsible for them.

T7. [47488] **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): I am sure that the Secretary of State would agree that the cost of travel to and from a place of study may be a gating factor for disadvantaged students in accessing education. Will he take into account the cost of travel when formulating the enhanced discretionary learner support fund?

Michael Gove: Yes.

T3. [47484] **David Wright** (Telford) (Lab): There are many Members in the House, including me, who believe that religious education provides an important moral platform for life. There is a feeling, however, that the Secretary of State has downgraded religious education in our schools. Will he get up and confirm that he has not done so?

Michael Gove: I do not know where that feeling comes from. Speaking as someone who is happy to be a regular attender at Church of England services, and whose own children attend a Church of England school, I recommend that the hon. Gentleman read the recent article that I penned for *The Catholic Herald*, a newspaper that is now required reading in the Department for Education. The article makes clear my commitment to faith schools of every stripe.

T8. [47490] **Andrew Selous** (South West Bedfordshire) (Con): Head teachers in my constituency have told me of their frustration at not being able to move teachers on who are not performing well enough, either to new responsibilities or, sadly, if necessary, out of the profession. What reassurance can the Secretary of State give me that he will take speedy action to ensure that pupils, parents and teachers get the best out of education?

Michael Gove: My hon. Friend makes an important point. Only two weeks ago, we introduced a new review of teaching standards to achieve a sharper focus on the quality of teaching in all our classrooms, and to ensure that teachers who fall below those standards are moved on. They should be helped to improve or, if necessary, helped to leave the profession.

T6. [47487] **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): Sixth form colleges currently receive entitlement funding through the Young People's Learning Agency. Colleges in my area face a 74% reduction in such funding, which they use to fund pastoral support, careers advice, sport, music, trips and visits—all the things that can fire aspiration and the imagination of young people. Will the Minister look at that again and meet me and someone from my local college, as I do not think Ministers quite realise the impact of their decision in this area?

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): In short, I would be happy to meet the hon. Gentleman and his representatives. He knows, as does the whole House, that I am a champion for sixth form colleges and FE colleges, and I would be happy to make that clearer when we meet.

T9. [47491] **Nadhim Zahawi** (Stratford-on-Avon) (Con): Has my right hon. Friend read the OECD's latest report on the state of the UK education system? It says that

"educational performance remains static, uneven and strongly related to parents' income and background"

and:

"Despite sharply rising school spending per pupil during the last ten years, improvements in schooling outcomes have been limited in the United Kingdom."

Is that not a sad indictment of the past 13 years of Labour?

Michael Gove: I read the OECD report with a mounting sense of sadness. It made the case forcefully by the deployment of facts and argument in a remorseless fashion that under the previous Government, for all the welcome additional spending on schools, standards had not risen to anything like the expected level. It was also striking that that report endorsed the case for the coalition's commitment to spending more on the disadvantaged, the coalition's commitment to creating free schools, and the coalition's commitment to overhauling the league table system. For a respected international institution to give such a resounding thumbs-down to the previous Government and thumbs-up to the coalition Government is—

Mr Speaker: Order. The Secretary of State has got to get used to providing much punchier replies.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): Is the Secretary of State aware that there is widespread concern that his national curriculum review might result in the removal of citizenship education from the core curriculum? Will he reassure the House that the Government remain committed to citizenship education in schools?

Michael Gove: Citizenship runs through everything we do at the Department for Education.

Andrea Leadsom (South Northamptonshire) (Con): Is my right hon. Friend aware of the great concern of some parents about the inappropriate material being shown to their five-year-old and seven-year-old children under the guise of sex and relationship education? Will he take steps to start a licensing regime to ensure that the material being shown is age-appropriate?

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I share some of my hon. Friend's concerns and I know that she has written to the Secretary of State on the matter. She will be aware that we are currently reviewing personal, social and health education, of which sex and relationship education is a key part. It is crucial that whatever we do should be age appropriate. I would welcome her further input into the review as it proceeds.

Mrs Jenny Chapman (Darlington) (Lab): Will the Secretary of State meet me to discuss the future of buildings at Mowden Hall in Darlington? The local council, residents and a property developer have an alternative site that will save money and create jobs. It will require quick decisions and innovative thinking. Is he up for it?

Michael Gove: I am always up for innovative thinking, and always up for a meeting with the hon. Lady. I take the point about Mowden Hall. I had the opportunity to visit it a few months ago—the first Secretary of State to do so, I think, since David Blunkett. I would be happy to discuss with her how we can help her constituents.

Mr Edward Timpson (Crewe and Nantwich) (Con): With my right hon. Friend's encyclopaedic knowledge of schools in this country, he is no doubt aware that Haslington primary school in my constituency, under the headship of Jenny Fitzhugh, has moved from special measures to a school with many outstanding features in just over one year. Will he join me in congratulating that school and reassure similar schools that the new inspection regime will ensure that those that progress such as Haslington are able to demonstrate that in the future?

Michael Gove: I absolutely will. I place on record my congratulations to Jenny Fitzhugh on her outstanding leadership of that school. Any new arrangements that Ofsted put in place, which we are consulting on at present, will provide an opportunity for her to demonstrate her excellent work once again to more schools.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Estimates from the House of Commons Library show that Liverpool council will receive a real per capita

decrease of £80 per child for services such as Sure Start from 2012-13. How can Ministers claim to have protected Sure Start funding?

Michael Gove: The reason we make that claim is that we have, as I mentioned in reply to the hon. Member for Kingston upon Hull North (Diana Johnson), ensured that the amount in the early intervention grant that goes to Sure Start children's centres is sufficient to guarantee every child a high-quality place. I look forward to discussing these issues in greater detail with the hon. Member for Liverpool, Wavertree (Luciana Berger), because we have a date this time next week.

Amber Rudd (Hastings and Rye) (Con): At a meeting last Friday at the Grove school in Hastings, I learnt that a whopping 48% of its new intake are on free school meals. Will the Secretary of State reassure me that sufficient funds will be available through the pupil premium to support disadvantaged students, such as those in my constituency, through their education?

Michael Gove: The number of students eligible for free school meals in that school is three times the national average, and I will ensure that the pupil premium provides them with the support they need to do just as well as students from more privileged backgrounds.

Point of Order

3.30 pm

Mr David Winnick (Walsall North) (Lab): On a point of order, Mr Speaker. We know that military intervention has started without the House being able to debate or vote on the issue. On 10 March the Leader of the House was asked during business questions by the hon. Member for Gainsborough (Mr Leigh) whether the House could definitely have a vote before any military action was taken if a no-fly zone was to be imposed. The Leader of the House said yes, that that is now the convention and that it was the Government's intention to

"observe that convention except when there is an emergency and such action would not be appropriate."—[*Official Report*, 10 March 2011; Vol. 524, c. 1066.]

I say to you, Sir, that the vote on military action in Iraq was on 18 March 2003, and that action took place two days later. If the House could not meet to discuss this on Friday, was it not possible for us to meet on Saturday? The convention whereby the House debates military action before such action takes place has not been followed.

Mr Speaker: I thank the hon. Gentleman for his point of order. Having first entered the House in 1966, he will know that the arrangement of business is a matter for the Government, not the Chair. He has made an important point and it is on the record. If he catches the eye of the Chair, he will have an opportunity to develop that point among others later in the afternoon.

United Nations Security Council Resolution 1973

Mr Speaker: I inform the House that I have not selected the amendment. The House might be interested to know that no fewer than 62 right hon. and hon. Members have applied to speak, as a result of which a six-minute limit on Back-Bench contributions has been imposed. I appeal to Members, today in particular, not to approach the Chair to inquire where they are on the list. The Chair will do his or her best to accommodate Members in the course of the afternoon, but it will not be assisted by people toddling up and making inquiries. Interventions are the stuff of debate, but Members should be aware that a lot of interventions will impact on debate and that those who make many will necessarily fall down the list.

3.32 pm

The Prime Minister (Mr David Cameron): I beg to move,

That this House welcomes United Nations Security Council (UNSC) Resolution 1973; deplores the ongoing use of violence by the Libyan regime; acknowledges the demonstrable need, regional support and clear legal basis for urgent action to protect the people of Libya; accordingly supports Her Majesty's Government, working with others, in the taking of all necessary measures to protect civilians and civilian populated areas under threat of attack in Libya and to enforce the No Fly Zone, including the use of UK armed forces and military assets in accordance with UNSC Resolution 1973; and offers its wholehearted support to the men and women of Her Majesty's armed forces.

On Saturday, British forces went into action over Libya. The first British cruise missiles were fired from HMS Triumph at 7 pm. Subsequently, RAF Tornados were deployed in several missions. This marked the beginning of our involvement in an international operation, working with the US and others at the request of Arab nations to enforce the will of the United Nations.

In line with UN resolution 1973, there were two aims to these strikes. The first was to suppress the Libyan air defences and make possible the safe enforcement of a no-fly zone. The second was to protect civilians from attack by the Gaddafi regime. Good progress has been made on both fronts. I can announce to the House today that coalition forces have largely neutralised Libyan air defences and that, as a result, a no-fly zone has effectively been put in place over Libya. It is also clear that coalition forces have helped to avert what could have been a bloody massacre in Benghazi. In my view, they did so just in the nick of time.

Today, I can confirm that RAF Typhoon jets have been deployed to a military base in southern Italy within 25 minutes flying time of the Libyan coast, and two Typhoons will be helping to patrol the no-fly zone this afternoon.

I am sure the whole House will join me in paying tribute to our servicemen and women, who are performing with their usual professionalism and courage. Our thoughts must be with their families and their loved ones at this time, as they risk their lives to help save the lives of others.

Let me be clear why these actions have been taken. On Friday evening, President Obama, President Sarkozy and I spelt out the non-negotiable conditions that Colonel

Gaddafi had to meet under the requirements of international law set out by UN Security Council resolution 1973.

First, we said that a ceasefire had to be implemented immediately, and that all attacks against civilians must stop. Secondly, we said that Gaddafi had to stop his troops advancing on Benghazi. Thirdly, we said that Gaddafi had to pull his forces back from Ajdabiya, Misrata and Zawiyah. He had to establish water, electricity and gas supplies to all areas, and he had to allow humanitarian assistance to reach the people of Libya.

The removal of Gaddafi's forces from those towns would safeguard civilians, enable the aid agencies to operate there safely and guarantee the humanitarian assistance that the UN resolution demands. So, let me be clear: the Government's view is that those non-negotiable conditions are entirely consistent with implementing the UN resolution.

Gaddafi responded to the United Nations resolution by declaring a ceasefire, but straight away it was clear that he was breaking that promise. He continued to push his tanks towards Benghazi as quickly as possible, and to escalate his actions against Misrata. On Saturday alone, there were reports of dozens of people killed in Benghazi and dozens more in Misrata. Gaddafi lied to the international community, he continued to brutalise his own people and he was in flagrant breach of the UN resolution, so it was necessary, legal and right that he should be stopped, and that we should help stop him.

Angus Robertson (Moray) (SNP): I am grateful to the Prime Minister for allowing an intervention. A great many people in this House and in the country had difficulty supporting previous international operations, because they did not have the backing of the United Nations, but this case is different as it does have the backing of the United Nations. Will the Prime Minister acknowledge the importance of a broad consensus on this issue, and, in doing that, the need to stick to the terms of the UN resolution and to address concerns about an open-ended commitment and the potential for mission creep?

The Prime Minister: I certainly want to build and maintain, in this House, throughout this country and, indeed right across the world, the widest possible coalition for the action that we are taking. We must work hard to make sure that many, many countries, including many Arab countries, continue to back what we are doing.

The UN Security Council resolution is very clear about the fact that we are able to take action, including military action, to put in place a no-fly zone that prevents air attacks on Libyan people, and to take all necessary measures to stop the attacks on civilians. We must be clear what our role is, and our role is to enforce that UN Security Council resolution. Many people will ask questions—I am sure, today—about regime change, Gaddafi and the rest of it. I have been clear: I think Libya needs to get rid of Gaddafi. But, in the end, we are responsible for trying to enforce that Security Council resolution; the Libyans must choose their own future.

Joan Ruddock (Lewisham, Deptford) (Lab) *rose—*

Mr Ronnie Campbell (Blyth Valley) (Lab) *rose—*

The Prime Minister: I give way to the right hon. Lady.

Joan Ruddock: I am very grateful to the Prime Minister. He will know that, at the moment, the military action is entirely by western states, and that interpretation of the resolution is everything. Will he ensure that, even if its forces are not deployed, the Arab League will be drawn properly into the strategic decision making?

The Prime Minister: I think the right hon. Lady makes an excellent point. I spoke to the secretary-general of the Arab League this morning. One of the things we want to do is to set up a coalition meeting, which happens regularly, for all parties to the mission to come together at a political level and help to give it leadership and guidance. She is right that Arab planes have not been involved in the mission so far, but, as I shall come on to later, the Qataris are producing a number of jets to help enforce the no-fly zone, and we will be doing everything we can to encourage others to come forward. As she knows and I am sure the House will appreciate, what happened on Friday and Saturday was a growing urgency, where action needed to be taken at once. It was vital that we did take that action at once, and, as a result, it was predominantly US, French and British forces that were involved in it.

Tony Lloyd (Manchester Central) (Lab) *rose—*

The Prime Minister: I will give way to the hon. Gentleman and then make some progress.

Tony Lloyd: I think the Prime Minister carries the overwhelming majority on the urgent need to take action to prevent the massacre of people in Benghazi, but will he take the opportunity during his speech to spell out exactly what are the limitations of the actions that he and the coalition will pursue?

The Prime Minister: The action will be limited by what the UN Security Council resolution says. As far as I am concerned, there are two absolutely clear bases for action—one is necessary measures to put in place a no-fly zone, and the second is necessary measures to prevent the deaths of civilians. In everything we do, we must be guided by clear legal advice underneath that UN Security Council resolution. I urge all hon. Members to read the resolution in full, because it gives a pretty clear explanation of what we can do, and we must act within both the letter and the spirit of that.

Several hon. Members *rose—*

The Prime Minister: I will take a few more interventions—first, the hon. Member for Colchester (Bob Russell).

Bob Russell (Colchester) (LD): In view of the obviously barbaric attacks by Gaddafi on his own people, does the Prime Minister agree that those officials and military chiefs who are still standing firm with Gaddafi stand every chance of being hauled before the war crimes tribunal?

The Prime Minister: The hon. Gentleman makes an excellent point. The first resolution we passed—1970—specifically referred to the International Criminal Court. The message we should give today, very clearly, to those people still working or fighting for Gaddafi is that if

[The Prime Minister]

you continue to do so, you could end up in front of the International Criminal Court, and now is the time to put down your weapons, walk away from your tanks, and stop obeying orders from this regime.

Mr Ronnie Campbell: The resolution says that all necessary measures will be taken. Can the Prime Minister guarantee that no land forces will ever be used; and if they are used, will he resign as Prime Minister?

The Prime Minister: What I can guarantee is that we will stick to the terms of the UN resolution, which absolutely and specifically rules out an occupying force. We have to be clear: we are not talking about an invasion; we are not talking about an occupying force; we are talking about taking action to protect civilian life, and I think that is the right thing to do.

Several hon. Members *rose—*

The Prime Minister: I am going to take two more interventions before making progress, first from my hon. Friend the Member for Stratford-on-Avon (Nadhim Zahawi) and then from the leader of Plaid Cymru.

Nadhim Zahawi (Stratford-on-Avon) (Con): Of course, no two campaigns are the same, but there are similarities between this campaign and that to protect the Kurdish people when Saddam Hussein turned on his own people and began to attack them. The motion before the House calls for all necessary measures to protect the people of Libya. Can the Prime Minister confirm that when we vote on the motion tonight, that does not mean regime change in Libya, because that is up to the Libyan people?

The Prime Minister: My hon. Friend is entirely right, and he is right to draw attention to the issue of the no-fly zone that covered the Kurds. Indeed, at the meeting in Paris on Saturday the Iraqi Foreign Minister gave a passionate speech about how the no-fly zone had saved thousands of lives, and probably his own as well, and that is why it was the right step to take.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): May I say that I am very pleased that the Government have sought a UN resolution, thus making intervention lawful? From what the Prime Minister says, the no-fly zone is up and running. Can we therefore presume that there will be no aerial bombardment for the time being?

The Prime Minister: Certainly, the entire aim of the no-fly zone is to stop the attacks from the air by Gaddafi on his own people, but where the UN has had such a success here is that the resolution goes so much further than simply a no-fly zone because it talks about not only all necessary measures for a no-fly zone, but all necessary measures to protect the civilian population. That enables the international community to take quite tough, but absolutely necessary, steps—for instance, to stop those tanks going into Benghazi. We need to pay tribute to our military and what they are going to have to do over coming days to protect people—an absolutely vital part of what we are engaged in.

Jeremy Corbyn (Islington North) (Lab) *rose—*

Mr Dennis Skinner (Bolsover) (Lab) *rose—*

Emily Thornberry (Islington South and Finsbury) (Lab) *rose—*

The Prime Minister: I am going to make some progress, and then I will take more interventions later.

This action was necessary because, with others, we should be trying to prevent this dictator from using military violence against his own people; it was legal because, as we have just discussed, it had the backing of the UN Security Council; and it was right, I believe, because we should not stand aside while he murders his own people—and the Arab League and many others agreed. In the summit in Paris on Saturday, the secretary-general of the Arab League and representatives of Arab states, including Qatar, the United Arab Emirates, Iraq, Jordan and Morocco, asserted their support for

"all necessary action, including military, consistent with UNSCR 1973, to ensure compliance with all its requirements."

That is what was agreed in Paris.

As I have said, in terms of active participation, the Qataris are deploying a number of jets from their royal air force to help enforce the no-fly zone. I spoke to the secretary-general of the Arab League this morning, and he confirmed his clear support for all aspects of the UN resolution. We agree that it must be implemented.

Alongside America, France and Britain, a significant number of other countries are pledging their active support. I am sure that the House would want to hear some of the details. Spain has confirmed its active participation with four air defence fighters, a tanker aircraft, a surveillance aircraft and an F-100 frigate. Canada has committed six air defence fighters and a naval vessel. Norway and Denmark have committed a total of 10 air defence fighters. Belgium has offered air defence fighters. Italy has opened important bases in close reach of the Libyan coast, one of which we are using right now. Greece has excellent facilities and bases only minutes' flying time from Benghazi.

The message in Paris was loud and clear: the international community had heeded the call of the Arab nations. Together, we assured the Libyan people of our

"determination to be at their side to help them realise their aspirations and build their future and institutions within a democratic framework."

Jeremy Corbyn: The Prime Minister will be aware that the Chinese Government have called for a special meeting of the Security Council this evening, and that India has expressed deep reservations about the bombardments that are going on. Can he tell us something about the apparent continuing falling away of support for the actions that have been taken, and what the endgame actually is?

The Prime Minister: The point that I would make is that this matter was discussed in the UN Security Council and the Chinese, Indians and Russians decided to abstain. Two of those countries have a veto and decided not to exercise it. Everyone was clear at the time about what was meant by enforcing a no-fly zone and taking all necessary measures to protect civilians. I will come on in my speech to describe how I believe what

has happened is in no way disproportionate or unreasonable. Indeed, I would argue that it is absolutely in line with what the UN has agreed.

I will address specifically the amendment tabled by the hon. Member for Islington North (Jeremy Corbyn). I know that it has not been selected, but I want to ensure that we address everything in this debate. There is much in the amendment that I welcome. I assure the House that we will do everything we can to avoid civilian casualties. Indeed, last night our RAF pilots aborted their mission when they determined that there were civilians close to the identified military targets. I also agree with the hon. Members who signed the amendment about the need to avoid the use of depleted uranium and cluster munitions. We do not use those munitions. I welcome their support for those struggling for democracy and freedom in the region, and back their call to restart the middle east peace process.

However, I take issue with two crucial parts of the amendment. The first is the suggestion that there was somehow time for further consultation before undertaking military action. The United Nations gave Gaddafi an ultimatum and he completely ignored it. To those who say that we should wait and see, I say that we have waited and we have seen more than enough. The House is aware that the Cabinet met and agreed our approach on Friday. On Saturday morning, as I was travelling to the Paris summit, the Deputy Prime Minister chaired a meeting of Cobra. He was presented with a final analysis of the state of play on the ground in Libya and the advice was very clear. We were in a race against time to avoid the slaughter of civilians in Benghazi. All of us would have hoped to avoid the use of force, and that could have been achieved if Gaddafi had complied immediately and fully with the requirements of the resolution. The fact is that he did not. That left us with a choice either to use force, strictly in line with the resolution, or to back down and send a message to Gaddafi that he could go on brutalising his people. We should remember that this is the man who told the world that he would show the people of Benghazi no mercy. I am convinced that to act with others was the right decision.

John McDonnell (Hayes and Harlington) (Lab) *rose—*

The Prime Minister: I give way to the other author of the amendment.

John McDonnell: I almost thought that the Prime Minister was about to support our amendment in total, but I live in hope on other matters. He made the specific point about avoiding the use of depleted uranium ordnance. Will he give a more categorical assurance that we will not use those weapons?

The Prime Minister: I could not have been more clear that we do not use those weapons and are not going to use those weapons.

Let me be clear with the hon. Gentleman about why, specifically, I do not agree with the amendment. My second objection is that it says we should "acknowledge" rather than "support" UN Security Council resolution 1973. I think that is profoundly wrong. It is an important resolution that the UK helped to bring about, and I believe that the House should be frank and clear in welcoming it.

Emily Thornberry: What would be a successful outcome to this military action, and is it possible that it could take a number of years for us to get out of Libya now?

The Prime Minister: A successful outcome is the enforcement of the will of the UN, which is the ceasing of attacks on civilians. That is what we are aiming at. But let me be absolutely frank about this: it is a more difficult question, in many ways, than the question over Iraq, because in Iraq we had been prepared to go into a country, knock over its Government and put something else in place. That is not the approach we are taking here. We are saying that there is a UN Security Council resolution to stop violence against civilians and to put in a UN no-fly zone, and then the Libyan people must choose their own future. The point I would make is that they have far more chance of choosing their own future today than they did 24 or 48 hours ago.

Mr John Baron (Basildon and Billericay) (Con): My right hon. Friend is being very generous in giving way.

Given our poor record of intervention in the past, can my right hon. Friend explain to the sceptics among us why we do not allow the Arabs to take the lead on this, particularly the Arab League, which has called for intervention, and let them instigate a no-fly zone? After all, Egypt is well placed, and we have been selling these Arab nations the capability.

The Prime Minister: I would answer that question in two ways. First, if we had waited for that, Benghazi would have fallen, and from that Tobruk would probably have fallen, and Gaddafi would have rolled up the whole of his country in the next 24 to 48 hours. The fact is, it was the Arab League that asked us to come in and provide the no-fly zone. I am as keen as anyone to make sure that this coalition of the willing is as broad-based, and has as much Arab support, as possible, but we should be clear that in the early stages, in order to act quickly, it had to have very strong American, British and French participation.

Several hon. Members *rose—*

The Prime Minister: I give way to my hon. Friend the Member for Stone (Mr Cash), and then I will make some more progress.

Mr William Cash (Stone) (Con): My right hon. Friend knows that I am strongly supportive of the actions that he has taken, and he deserves great credit for them, but on Friday he indicated that we would see a summary of the legal advice from the Attorney-General. We know from what he said on Friday, and indeed from the note that has been supplied in the Library, that the Cabinet has consulted the Attorney-General and is satisfied with the legal advice, but it does not seem from what I have seen so far that we have been supplied with a summary of the Attorney-General's legal advice. Is that going to be forthcoming?

The Prime Minister: What we have provided, which I do not think any Government have done before, is a note on the legal advice. That is, I think, the right thing to do. One of the reasons why it is so short is, frankly, because the legal advice is so clear. Members can see that when they read the UN Security Council resolution.

Several hon. Members *rose—*

The Prime Minister: I will take as many interventions as I can, but before I give way any more, let me turn to some of the other questions that have been raised in recent days.

First, as some hon. Members have asked today, has the use of force been reasonable? As I have said, we have undertaken the use of force in two ways. The first is to suppress Libyan air defences, which I believe is absolutely essential. As Prime Minister, I would not have been prepared to sanction our participation in enforcing the no-fly zone without doing everything possible to reduce the risk to our servicemen and women beforehand. That seems to me absolutely vital. The second area of activity has been action designed explicitly to safeguard civilian populations under attack. As the resolution explicitly authorises, it was quite clear that the population of Benghazi was under heavy attack. Civilians were being killed in significant numbers and exodus from the town had begun, so there was an urgent need to take action to stop the slaughter. As I have said, I am absolutely convinced that what has been done is proportionate.

Targets must be fully consistent with the UN Security Council resolution. We therefore choose our targets to stop attacks on civilians and to implement the no-fly zone, but we should not give a running commentary on targeting and I do not propose to say any more on the subject than that.

Several hon. Members *rose—*

The Prime Minister: I give way to the leader of the Green party.

Caroline Lucas (Brighton, Pavilion) (Green): I am grateful to the Prime Minister. I am sure he would agree that any military action needs to be principled and consistent, but last year, the UK issued £231 million-worth of arms exports licences to Libya and £55 million of licences to Saudi Arabia, including the very personnel carriers that were rolling into Bahrain just last week. Does he not agree that our position would be a lot more consistent and a lot more principled if we stopped selling arms to repressive regimes anywhere in that region?

The Prime Minister: The hon. Lady makes an important point, which we have discussed several times during statements and questions. We are having a proper review of not just arms exports, but training licences and other relations. Of the 118 single and open licences for Libya, we have revoked all licences that cover equipment of concern. However, I agree with the hon. Lady that there will be lessons to learn from the conflict for the future.

Dan Byles (North Warwickshire) (Con): The Prime Minister has been pressed to rule out putting any boots on the ground as part of the operation. May I ask him to reassure the House that, in the event of any British pilots being downed on operations over Libya, the UN resolution will not tie our hands and prevent us from putting in a robust search and rescue operation, should one be required to recover our pilots?

The Prime Minister: My hon. Friend makes an important point, but the UN resolution could not be clearer about no occupying army—it is not about an invasion. People need that reassurance not only in the House but in the country and throughout the Arab world.

Toby Perkins (Chesterfield) (Lab): The Prime Minister should know that he has the support of the vast majority of Members of all parties for the Government's actions and those of our troops, who are undertaking the work on our behalf. Does he agree that it is hard to see how the Libyan people will be safe from the threat of violence while Colonel Gaddafi remains in charge of that country?

The Prime Minister: The hon. Gentleman puts it absolutely correctly. We know what our job is—to enforce the UN's will. It is for the people in Libya to decide who governs them, how they are governed and what their future is, but none of us has changed our opinion that there is no future for the people of Libya with Colonel Gaddafi in charge.

Obviously, there are those, including some in the House, who question whether Britain really needs to get involved. Some have argued that we should leave it to others because there is not sufficient British national interest at stake. I believe that argument is misplaced. If Gaddafi's attacks on his own people succeed, Libya will become once again a pariah state, festering on Europe's border, and a source of instability exporting terror beyond its borders. It will be a state from which literally hundreds of thousands of citizens could try to escape, putting huge pressure on us in Europe. We should also remember that Gaddafi is a dictator who has a track record of violence and support for terrorism against our country. The people of Lockerbie, for instance, know what that man is capable of. I am therefore clear that taking action in Libya with our partners is in our national interest.

Andrew George (St Ives) (LD): The legal note that accompanies the debate makes it clear that the Security Council resolution recognises that Libya

"constitutes a threat to international peace and security."

Although I do not recommend that we take such action, from the point of view of consistency, why are we not taking action against Yemen?

The Prime Minister: We are obviously extremely disturbed by what is happening in Yemen, particularly recent events. We urge every country in that region to respond to the aspirations of its people with reform, not repression. We have a specific situation in Libya, whereby there was a dictator whose people were trying to get rid of him, who responded with armed violence in the streets. The UN has reached a conclusion and I think that we should back it. As I said the other day, just because we cannot do the right thing everywhere does not mean we should not do it when we have clear permission for and a national interest in doing so. One commentator put it rather well at the weekend: "Why should I tidy my bedroom when the rest of the world is such a mess?" That is an interesting way of putting it.

Martin Horwood (Cheltenham) (LD): May I express from the Liberal Democrat Benches our strong support for the resolution and the Government's action? Clearly, the position is different from Iraq. However, does the Prime Minister agree that there is an urgent need to internationalise the mission as far as possible to cement support across the international community should things not run entirely tidily and also so as not to over-extend our forces?

The Prime Minister: The hon. Gentleman makes a good point. We want to internationalise the action to the maximum degree possible on the military front and in what must follow in humanitarian aid and assistance to the people in Libya.

The hon. Gentleman mentioned Iraq and I want to deal with the way in which we will ensure that this is not another Iraq. My answer is clear: the UN resolution, which we, with the Lebanese, the US and the French, helped draft, makes it clear that there will be no foreign occupation of Libya. The resolution authorises and sets the limit on our action. It excludes an occupation force in any form on any part of Libyan territory.

However, I would argue that the differences from Iraq go deeper. It is not just that this time, the action has the full, unambiguous legal authority of the United Nations nor that it is backed by Arab countries and a broad international coalition, but that millions in the Arab world want to know that the UN, the US, the UK, the French and the international community care about their suffering and their oppression. The Arab world has asked us to act with it to stop the slaughter, and that is why we should answer that call.

Several hon. Members *rose—*

The Prime Minister: I will give way to the hon. Gentleman.

Several hon. Members *rose—*

Mr Speaker: Order. We need to be clear who is intervening. I think it is the hon. Member for Merthyr Tydfil and Rhymney (Mr Havard).

Mr Dai Havard (Merthyr Tydfil and Rhymney) (Lab): The legal advice summary, which I have only just seen—we have not seen the whole thing—clearly excludes

"a foreign occupation force of any form on any part of Libyan territory"

but also says that the resolution

"further authorises Member States to use all measures…to carry out inspections aimed at the enforcement of the arms embargo".

Does that mean that on the one hand we cannot have troops on the ground, but on the other hand we might allow people to make inspections or go there for search and rescue purposes? Is there clarity about having no troops on the ground in Libya?

The Prime Minister: The point about the legal advice, which refers back to the UN Security Council resolution, is that it makes provision to put in place an arms embargo and to inspect ships going to Libya. A number of countries have volunteered their forces specifically for that purpose, which we should welcome.

That brings me to my next point. Some accept that Britain should play a part but worry that we might shoulder an unfair burden. I want to assure the House that that is not the case. Let me explain how the coalition will work. It is operating under US command, with the intention that that will transfer to NATO, which will mean that all the NATO allies—I read out a list earlier of who wants to contribute—will be able to contribute. Clearly, the mission would benefit from that and from using NATO's tried and tested command and control machinery.

With the fourth largest defence budget in the world, Britain clearly has the means to play its part, but given that British troops are engaged in Afghanistan, that part must be in line with our resources, and so it will be. No resources have been diverted from the Afghanistan campaign to carry out the enforcement of resolution 1973, and I have the assurance of the Chief of the Defence Staff that both operations can take place concurrently. Crucially, the impact of what we are doing in Libya will not affect our mission in Afghanistan.

Several hon. Members *rose—*

The Prime Minister: I will give way to my parliamentary neighbour.

Geoffrey Clifton-Brown (The Cotswolds) (Con): May I congratulate the Prime Minister on obtaining the UN resolution to give us the legal cover that we require? The problem with Iraq was that there was no proper post-war reconstruction plan. Is he giving thought to what a post-war reconstruction plan ought to be, and will he encourage members of the Arab League to play their full part in that once the military phase is over?

The Prime Minister: My hon. Friend makes an extremely important point about humanitarian planning for afterwards, which I will come to later in my speech. My right hon. Friend the International Development Secretary is leading cross-Government work to ensure that that plan is robust. However, let me be frank about one difficulty that we have. Because we are saying that there will not be an invasion and that there will not be an occupation, we must have a different sort of plan—a much more international plan with a greater role for the UN, the EU and aid agencies, all of which we will support.

Several hon. Members *rose—*

The Prime Minister: I shall give way to the hon. Member for Bolsover (Mr Skinner), but then make some progress.

Mr Skinner: It is easy to get into a war; it is much harder to end it. When will all those nations that are taking part know the circumstances for pulling out and ending the war? We know now that this is not about regime change—the Prime Minister has already said that—and we hope that there will be no forces on the ground, but what circumstances will enable those nations to say, "It's all over"?

The Prime Minister: For once, I agree with the hon. Gentleman—I entirely agree with the first part of his question, because it is easier to start these things than to finish them, and we should always be cautious and careful before we go ahead. However, as I have tried to lay out for the House today, not acting would have led to a completely unacceptable situation. The answer to his question is that this will be over and finished when we have complied with and implemented the UN Security Council resolution. That is about protecting civilians and protecting life, and giving the Libyan people a chance to determine their own future. This is different from Iraq. This is not going into a country and knocking over its Government, and then owning and being responsible for everything that happens subsequently. This is about protecting people and giving the Libyan people a chance to shape their own destiny.

Mr David Lammy (Tottenham) (Lab): May I take the Prime Minister back to what he said about NATO? Is he confirming that when the US gives up command of this phase of the operation, he expects the UK, under the auspices of NATO, to take over?

The Prime Minister: No, I am not saying that. I am saying that at the moment there is basically American command and control, under which the French, British and others are operating. Over time, we want that to transition to NATO command and control, using NATO machinery, so that all the partners in NATO and all those who want to contribute from the outside can be properly co-ordinated. That might easily still be an American, French or British individual, but it would be under the auspices of NATO. It is tried and tested, it works, it co-ordinates and brings people together, it has operated no-fly zones before, and it is the right way of doing things. The international community is agreed on that.

Of course, there are those who ask whether the risks will outweigh the benefits. Clearly, as I have said, there is no action without risk, but alongside the risks of action, we have to weigh the risks of inaction: the sight of the international community condemning violence but doing nothing to stop it; the effect across north Africa and the middle east if Gaddafi succeeds in brutalising his own people; the humanitarian consequences for the city of Benghazi and beyond; and the consequences for Europe of a failed pariah state on its southern border. In my view, all these risks are simply too great to ignore. So yes there are dangers and difficulties, and there will always be unforeseen consequences, but it is better to take this action than to risk the consequences of inaction, which would be the slaughter of civilians and this dictator completely flouting the United Nations and its will.

Mark Pritchard (The Wrekin) (Con): In addition to brutalising his own people, is it not the case that the Gaddafi regime is daily harassing our brave British journalists, making it increasingly difficult for them to report from places such as Tripoli?

The Prime Minister: I am sure that everyone in the House would want to pay tribute to the risks taken by, and the bravery of, journalists, including British journalists. Everyone should remember that people reporting from Tripoli are doing so under very strong reporting restrictions. I hope that not only everyone in the House, but everyone in the country and broadcasting organisations will remember to repeat regularly the sort of restrictions the reporters are operating under.

Several hon. Members *rose—*

The Prime Minister: I will make some progress, and take a few more interventions before the end.

There are also some who say we are just stirring up trouble for the future. These people say that Arabs and Muslims cannot do democracy and that more freedoms in these countries will simply lead to extremism and intolerance. To me, this argument is not only deeply condescending and prejudiced, but is utterly wrong and has been shown to be wrong. Let us remember that people made this argument about Egypt only a short month ago. They said that the departure of Mubarak would lead to a dangerous vacuum in which extremists would flourish. Of course, I deplore—and the House will deplore—the attack on Mohamed el-Baradei at a polling station, but the overwhelming picture from Saturday was one of millions of people queuing up patiently and proudly to exercise their democratic rights, many for the first time. As democrats in this House, we should applaud what they did.

Inevitably, information about the Libyan opposition is not complete, but the evidence suggests that it consists predominantly of ordinary Libyans from all walks of life who want freedom, justice and democracy—the things we take for granted.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Should the Gaddafi regime finally be toppled, will the Prime Minister assure us that his Government will do everything possible to help the Metropolitan police to conclude their investigations into who killed PC Yvonne Fletcher?

The Prime Minister: My hon. Friend, who has considerable expertise and has taken a great interest in this matter, makes an important point, which is that if the Libyan people choose a new future for themselves and their country, there might be huge opportunities to find out not only what really happened to PC Yvonne Fletcher, but about the support for Northern Irish terrorism that did so much damage in our country.

People will be rightly concerned that we should have a clear plan for what happens next in Libya—both in humanitarian terms, and also politically and diplomatically—following the successful conclusion of the no-fly zone. On humanitarian issues, the UK was one of the first to respond to the humanitarian needs arising from Gaddafi's actions. We provided tents and blankets from our stores in Dubai for the thousands of migrant workers crossing the borders to escape the regime's violence. We were the first country to provide flights to enable 12,000 migrant workers to return to their homes. This timely assistance prevented what was a logistical emergency from becoming a humanitarian crisis. The International Development Secretary announced last week that we will now support the International Committee of the Red Cross to deploy three medical teams. They will help to provide both medical assistance to the 3,000 people affected by the fighting, and food and essential items for 100,000 of the most vulnerable. From the beginning, we urged the United Nations to lead international pressure for unfettered humanitarian access within Libya. We are now planning for new humanitarian needs that may emerge as a result of the conflict.

Graham Stringer (Blackley and Broughton) (Lab): I am sceptical about this country's involvement in air raids on another Muslim and Arab country. However, I accept that there has been a huge success in saving lives in Benghazi. It would make me feel more relaxed about the resolution this evening if the Prime Minister gave a commitment to report back regularly to the House and to ask for further authority to continue the operations.

The Prime Minister: Of course there should be regular statements in this House. I gave a statement on Friday and we are having a debate on a substantive motion today. There should be regular updates on the humanitarian situation, what our defence forces are doing, and political

and diplomatic activity. I do not believe that right now there is a need to go back to the UN for further permission, because the resolution could not be clearer. It combined three different elements: an immediate ceasefire, action for a no-fly zone, and action to protect civilians and stop the loss of life. It was an incredibly complete UN resolution, and that is why we should give it such strong support.

Several hon. Members *rose—*

The Prime Minister: Let me say one more word about the issue of planning for the humanitarian situation. It is important that in supporting the implementation of the resolution, the international system should plan now for stabilising the peace that we hope will follow. That could include rapidly restoring damaged infrastructure, keeping important services such as health and education running, reforming the security sector, and ensuring an open and transparent political process to elections. All that will take time and require an internationally led effort, but Britain is committed to playing its part.

Robert Halfon (Harlow) (Con): I thank my right hon. Friend for giving way and for the leadership that he has shown on this issue. Given what has been said about Kurdistan this afternoon and the reports that Gaddafi has mustard gas, what action will the allies take to stop him if he starts using it against his own people?

The Prime Minister: My hon. Friend raises an issue of real concern, on which we keep a very sharp focus. After Gaddafi supposedly came in from the cold, there was an agreement for him to give up weapons of mass destruction. He destroyed some of them, but he still has the supplies to which my hon. Friend refers. We have to make sure that there is absolutely no sign of their being used.

In terms of what happens politically and diplomatically, what is crucial is that the future of Libya is for the people of Libya to decide, aided by the international community. The Libyan opposition has made it clear that it does not want to see a division of its country, and neither do we. It has also expressed a clear and overwhelming wish for Gaddafi to go, and we agree with that too, but the UN resolution is limited in its scope. It explicitly does not provide legal authority for action to bring about Gaddafi's removal from power by military means. As I have said, we will help to fulfil the UN Security Council's resolution. It is for the Libyan people to determine their Government and their destiny, but our view is clear: there is no decent future for Libya with Colonel Gaddafi remaining in power.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): On a wider point, it is a change in philosophy on the part of the UN and the international community not to tolerate those involved in the internal repression of their own populations. What is going to happen to leaders in other countries round the world who are indulging in Gaddafi-style behaviour?

The Prime Minister: The hon. Gentleman makes an important point, and that is why UN Security Council resolution 1973 could be something of a breakthrough. The world has come together and said that what this dictator is doing to his people—within his own country, but totally in breach of international law and all sign of human rights—is wrong and can be stopped by all necessary means. In the act of stopping him, let us hope that that sends a message to dictators the world over.

Mr Sam Gyimah (East Surrey) (Con): With a no-fly zone in operation, a tyrant as brutal and determined as Gaddafi could decide to move the conflict into urban areas. In that scenario, does the resolution as it stands give us the scope to act to stop any humanitarian disaster that could occur?

The Prime Minister: The resolution gives us the scope to act, but clearly we have to act at all times to minimise civilian casualties. We must bear that in mind very carefully when we think about the military operations that we are engaged in.

Several hon. Members *rose—*

The Prime Minister: I will not give way any more.

Gaddafi has had every conceivable opportunity to stop massacring his own people. The time for red lines, threats and last chances is over. Tough action is needed now to ensure that people in Libya can lead their lives without fear and with access to the basic needs of life. That is what the Security Council requires and that is what we are seeking to deliver. There are rightly those who ask how and where this will end. Of course, there are difficulties and dangers ahead, but already we know, beyond any doubt, that we have succeeded in chasing Gaddafi's planes out of the sky. We have saved the lives of many Libyans and we have helped to prevent the destruction of a great and historic city.

Of course, no one can be certain of what the future can hold, but as we stand here today, the people of Libya have a much better chance of determining their destiny and, in taking this action, we should be proud that we are not only acting in British interests but being true to our values as a nation. I commend the motion to the House.

4.16 pm

Edward Miliband (Doncaster North) (Lab): I rise to support the Government motion. Let me first welcome the fact that the Government have decided to have a substantive motion and, indeed, vote in this House, because it is right that the decision to commit our forces is made in this House. Like my hon. Friend the Member for Blackley and Broughton (Graham Stringer), I urge the Prime Minister and his colleagues to ensure that the House has regular chances to debate this issue in the days and weeks ahead.

I want to pay tribute to our brave armed forces who are engaging in military action. I am sure that the thoughts of the whole House are with them. The issue at the heart of today's debate is this: on the one hand, we have the case for action outside our borders when we see people facing repression and butchery from others; yet, on the other hand, we have the caution that we must always show in the exercise of western and, indeed, British power for reasons of basic principle, imperial history and the consequences that might follow.

Today, I want to set out to this House why I believe that we should support the motion today and support our armed forces. I do so because I believe that the three key criteria for action exist: it is a just cause with a feasible mission and it has international support. Secondly,

[Edward Miliband]

I want to address the central issue, not least among those raised by my hon. Friends, of how we reconcile the decision to intervene in Libya and the hard cases elsewhere. Thirdly, I want to raise a number of issues that will require clarity if this mission is to succeed.

Today and in the coming weeks, our duty as the official Opposition is to support the UN resolution and at the same time to scrutinise the decisions that are made to maximise the chances of success of this mission. Let me start with the case for action. In the days and weeks ahead—the Prime Minister said this in his speech—we must always remember the background to the debate. We have seen with our own eyes what the Libyan regime is capable of. We have seen guns being turned on unarmed demonstrators, we have watched warplanes and artillery being used against civilian population centres, we have learned of militia violence and disappearances in areas held by Gaddafi's forces and we have heard the leader of the Libyan opposition say:

"We appeal to the international community, to all the free world, to stop this tyranny from exterminating civilians."

And we have heard Colonel Gaddafi gloat that he would treat the people of Benghazi, a city of 700,000 people—the size of Leeds—with "no mercy or compassion".

In 1936, a Spanish politician came to Britain to plead for support in the face of General Franco's violent fascism. He said:

"We are fighting with sticks and knives against tanks and aircraft and guns, and it revolts the conscience of the world that that should be true."

As we saw the defenceless people of Libya attacked by their own Government, it would equally revolt the conscience of the world to know that we could have done something to help them yet chose not to.

Mr Cash: In the context of the important issue of arming those who are resisting Gaddafi, does the right hon. Gentleman agree that every effort must be made, within the terms of the resolution, to apply to the sanctions committee of the United Nations to enable paragraph 9(c) of resolution 1970 to be applied in such a way as to ensure that people in Benghazi and elsewhere are properly supplied with arms so that they can defend themselves? As the right hon. Gentleman has said, there is a parallel with what happened in 1936.

Edward Miliband: As the Prime Minister said when we discussed the issue a week or so ago, we need to be cautious and ensure that we always comply with the terms of the UN mandate, but as long as we stick to the UN mandate, that is the right thing to do.

Robert Halfon: Does the right hon. Gentleman not agree that, in part, we are where we are because of the actions of the last Government in appeasing and collaborating with Gaddafi, in selling him weapons, and in building business and academic links?

Edward Miliband: To be fair to the Prime Minister, he conducted this debate in the right terms. Let me say to the hon. Gentleman that today is not the day for party political point-scoring. Let me say this also: in 2005, when Tony Blair made the decision that he made, voices were not raised against him, because there was no sign of a popular uprising in Libya. What people worried about was Colonel Gaddafi—and the Prime Minister eloquently described the problems and dangers posed by him—possessing nuclear weapons and threatening the rest of the world, and I think that Tony Blair was right to try to bring him into the international community.

A debate is often conducted about rights to intervene, but this debate is about not rights but responsibilities. The decade-long debate about the "responsibility to protect" speaks precisely to this question. As the House will know, the responsibility to protect was adopted in 2005 at the world summit and was endorsed by the United Nations General Assembly and the United Nations Security Council, and it should help to frame our debate today. It identifies a "responsibility to react" to

"situations of compelling human need with appropriate measures...and in extreme cases military intervention".

It identifies four cautionary tests which will help us in this debate as we consider intervention:

"right intention, last resort, proportional means and reasonable prospects".

Mr John Redwood (Wokingham) (Con): The Leader of the Opposition is making a very thoughtful case. Can he tell us how much intervention he thinks it reasonable for the west to make in what is really a civil war in which the rebel side is experiencing considerable difficulties?

Edward Miliband: I have great respect for the right hon. Gentleman, but I do not agree that this is a civil war. There was a popular uprising against the Gaddafi regime that Gaddafi is cruelly and brutally trying to suppress. I think that we should bear that in mind as we implement the terms of the resolution.

The responsibility to protect identifies those four tests that we should apply, and I think that they will inform the debate today. The first is the test of "right intentions". Our intentions are right: we are acting to protect the Libyan people, to save lives, and to prevent the Gaddafi regime from committing serious crimes against humanity. We do not seek commercial gain or geopolitical advantage, and we are not intending to occupy Libya or seize her natural resources. This is not a power play or an attempt to install a new Government by force. Colonel Gaddafi is the one who is trying to impose his political will with violence, and our role is to stop him.

This is the "last resort" to protect the Libyan people. Sanctions and other measures have been tried, including in resolution 1970, and they have not stopped Colonel Gaddafi. As the Prime Minister said, his ceasefire was simply a lie paraded to the international community before his forces once again attacked Benghazi. As for proportionality, the UN resolution makes it clear that the means must be proportional, and we should always follow that in what we do.

Jeremy Corbyn: My right hon. Friend will be aware that, although what he is saying is of great importance, there are also lessons to be learned. Does he not think that it is time for a wholesale review of our policy of military co-operation and arms sales in the case of Bahrain and Saudi Arabia, and of what is happening in

Yemen and further afield in the Congo, the Ivory Coast and other places? At what point is he prepared to say that we should be involved or not involved, and at what point is he prepared to say that we will seriously scale down our arms export industry, which actually leads to much of the oppression in the first place?

Edward Miliband: Let me deal with those two very serious points. On the first point about arms exports, we have rightly said that there should be a comprehensive review of the implementation and nature of our policy on arms sales. When we see what has happened in parts of north Africa, we are worried about the use of British arms for internal repression. If my hon. Friend will allow me, I will come to his second point about double standards later in my speech. The Prime Minister has also talked about that very important issue.

Mr Baron: Compliance with the UN resolution might not equal an endgame. What does the right hon. Gentleman propose that we should do about the no-fly zone if we manage to comply with the resolution but at the same time Gaddafi is left in place because there is a stalemate on the ground?

Edward Miliband: I am going to talk about that in my speech as well, but I want to respond directly to the hon. Gentleman. We do not always know how things will end, so the question is whether, when we are faced with the choices we face, it is better to take action or to stand aside. This is a really important point and we will be scrutinising the Government and the Prime Minister in the coming weeks, looking for a clear strategy. I have looked back at the debate about Kosovo in 1999, which was led by Robin Cook, and people were making the same arguments then. The truth is that we did not know where things were going to end, but by taking action in Kosovo we saved the lives of tens of thousands of people.

Nadhim Zahawi (Stratford-on-Avon) (Con): Does the right hon. Gentleman agree that one way in which we can help the Libyan people and the rebellion against Gaddafi is by recognising them as the legitimate Government. Would he support the Government in taking that position if it were put forward?

Edward Miliband: This is a very tricky issue, but let me respond to the hon. Gentleman. In a joint statement with President Sarkozy, the Prime Minister recognised the transitional council as one of the reasonable interlocutors—I think that was the phrase. The reason for that is that we need to scrutinise very carefully who the best interlocutors are and who the natural alternative to Colonel Gaddafi is. There is a history to this and jumping too early in that regard has its own dangers. I think it is right to recognise the transitional council as a reasonable interlocutor.

Sir Menzies Campbell (North East Fife) (LD): The right hon. Gentleman's reference to Kosovo is entirely apt because it was out of the frustrations of Kosovo, for which no United Nations Security Council resolution could be obtained, that the doctrine of the duty to protect arose. Its genesis was in a speech made by Tony Blair in Chicago in 1999. In this particular case, are we not on much stronger ground because the Security Council has said expressly in the provision that "all necessary measures" may be taken?

Edward Miliband: The right hon. and learned Gentleman has huge expertise in this area and he makes an important point. This is a very important moment for multilateralism because a UN resolution has been passed without opposition at the Security Council. This is a real test of the international community and its ability to carry through not just our intentions but the intentions and values of the United Nations. He is completely right about that.

I was talking about proportionality, which is the third test of the responsibility to protect. It is right to say that our targeting strategy and that of our allies—this is something that the Prime Minister and I have discussed—must be restricted to military targets that pose a threat to civilians. We should always exercise the utmost care in the nature of our targeting because we know how important that is both as a matter of principle and for the conduct of our campaign.

On the fourth criterion of reasonable success, there is every reason to believe, as we have already shown in the past few days, that we can stop the slaughter on which Colonel Gaddafi appears to have embarked.

Mr Matthew Offord (Hendon) (Con): The right hon. Gentleman talks about the important matter of targeting by the allies in the attacks against the regime, but is he aware that Colonel Gaddafi is putting civilians in the places where such targets are, thereby making the situation for the coalition Government ever more difficult?

Edward Miliband: The hon. Gentleman speaks eloquently of the evil of Colonel Gaddafi in doing that. The care taken by our armed forces, which the Prime Minister has talked about, is incredibly important because they are facing incredibly difficult decisions.

The responsibility to protect recognises that there need to be tests applied to intervention, but also, crucially, that interventions require international authority and consent. In this case, the Arab League endorses a no-fly zone, and the UN Security Council expressed a clear will, with the support of 10 countries. It is worth drawing attention to which countries those are, because they include Lebanon, Colombia and South Africa. A broad spectrum of countries from across the world gave their support to the UN resolution.

There is international consent, a just cause and a feasible mission, but we also need—this is very important—to maintain public support here at home, because this House is not just contemplating expressing its support for an international resolution; it is discussing its position on the use of armed forces. We are a generous and compassionate people, but there will no doubt be some people in the country—indeed, we have heard it in parts of this House—wondering whether it really needs to be us, now, at this time. It is a valid and important question, but in the end, as well as there being the geopolitical questions that the Prime Minister raised, we have to make a judgment about our role in the world and our duty to others. Where there is just cause, where feasible action can be taken, and where there is international consent, are we really saying that we should be a country that stands by and does nothing? In my view, that would be a dereliction of our duty, our history, and our values. Let us not forget that those who have risen up against Colonel Gaddafi are part of a

[Edward Miliband]

wider movement for reform and democracy that we are seeing across north Africa. We cannot and should not abandon them.

Dr Julian Lewis (New Forest East) (Con): I have supported humanitarian interventions in the past, and I am minded to do the same in this case, but the reason why we are expected to intervene, rather than others, is that we are stronger than others. The right hon. Gentleman knows that there has been a huge hole in the defence budget. Does he know from his conversations with the Government whether the funding for what could be a very long-term and expensive operation will be added to the core defence budget, or taken from it?

Edward Miliband: I have been given those reassurances by the Prime Minister. Today, as the House debates this question, I want to concentrate on the important issues before us, including the capability of our armed forces, but I have been given that reassurance by the Government.

Keith Vaz (Leicester East) (Lab): It is obviously right that we should focus on Libya today, but as my right hon. Friend knows, the situation in Yemen is deteriorating every hour. Is there not a duty on the Arab League and coalition partners to try to work to prevent further conflict in Yemen by promoting the need for dialogue?

Edward Miliband: I know that my right hon. Friend has been one of the leading voices on the question of Yemen, and he is absolutely right about that; I am coming to that now in my speech. I have set out the case for support for the resolution and our participation, but—this is the second part of my remarks—that will not be enough for everyone in the House, including my hon. Friend the Member for Islington North (Jeremy Corbyn).

Several hon. Members *rose—*

Edward Miliband: I will make a bit more progress. Many will ask one additional question: why are we intervening in Libya, but not in other countries around the world? It is a valid question, and it is right to say that there are many other hard cases. What is happening in Yemen is deeply troubling, and what is happening in Bahrain is equally troubling. Historically, the cases of Burma, Rwanda and other countries live on in our conscience, and yet here I do agree with the Prime Minister: the argument that because we cannot do everything we cannot do anything is a bad argument. In the world that we live in, the action that we take depends on a combination of principle and pragmatism—what is right, and what can be done. That is not perfect, but an imperfect world order is not an excuse for inaction.

Graham Stringer: My right hon. Friend and the Prime Minister have both enunciated what is really the Blair doctrine: "If you can't do everything, it doesn't stop you doing something." I would be more supportive of that principle if there were clear criteria laid down in advance about when we should do something, rather than it looking as though it were an ad hoc decision on every occasion.

Edward Miliband: I am not sure that the Prime Minister and I are competing to call it the Blair doctrine. On the substantive question that my hon. Friend raises, he is right to say that we need criteria. I think that the responsibility to protect is of great assistance to us there. I think that it has been overlooked at times during our debates. It is endorsed by the UN Security Council and General Assembly.

Mr MacNeil: Does the right hon. Gentleman agree that the passing of UN Security Council resolution 1973 represents a watershed moment, as the Prime Minister seemed to intimate, because of the way in which the international community now looks at the behaviour of Governments repressing the citizens of their own countries?

Edward Miliband: I think it is too early to declare it a watershed moment, but the hon. Gentleman is right to suggest that those who desire a world order based on principle as well as on power should support the resolution and the motion before us today. Whatever the flaws of multilateralism and the UN—and there are many—they are our best hope for the kind of world order based on principle that we want to see. If we can demonstrate that the international community has come together in the case of Libya to prevent Colonel Gaddafi's action against his people, this will mark an important moment. We will have acted on the basis of a firm legal base.

Mr David Winnick (Walsall North) (Lab): That Gaddafi is a murderous tyrant has never been in doubt from the time he seized power in 1969. Like all hon. Members, however, I am concerned about the situation in many other countries, and the doubt in my mind stems from the fact that intervention by western powers is so selective. Last week, 45 people were slaughtered in Yemen, yet no one has suggested that we should intervene there. In Bahrain, there has been armed intervention by Saudi Arabia, but our Government have not suggested that we should intervene. It seems that, to a large extent, we intervene only in countries whose regimes are considered anti-west.

Edward Miliband: It is hard to calibrate the different regimes, but I believe that Colonel Gaddafi's threat to hundreds of thousands of people in Benghazi and elsewhere puts him in a particular category. I also say to my hon. Friend that this is not a perfect world and, in the end, we have to make a judgment about what can be done. This is something that I think can be done.

Angus Robertson: Will the right hon. Gentleman give way?

Edward Miliband: I want to make some more progress. I will try to give way before the end of my speech, but I am conscious that many people want to speak in the debate.

If we succeed, we will have sent a signal to many other regimes that, in the face of democratic protest and the demand for change, it is simply not acceptable to turn to methods of repression and violence. And yet, if this pragmatic case for action in Libya is to stand and win support, it is all the more important that we speak out firmly, without fear or favour, against repression wherever we find it. In Bahrain, where the regime has

apparently fired tear gas into a hospital, and in Yemen, where the murder of innocent civilians has taken place, we must be on the side of people and against the forces of repression wherever we find them.

We should address the longer-running issues affecting security and human rights in the middle east, particularly Israel-Palestine, where we must show that we can advance the peace process, and we must put pressure on our American allies to do so. We cannot be silent on these issues, either as a country or as an international community.

Andrew George: The hon. Member for Bolsover (Mr Skinner) and other hon. Members have mentioned the concept of a successful outcome. How would the right hon. Gentleman define success in this context, and how will we know when we have reached the point at which it is appropriate to implement an exit strategy?

Edward Miliband: That is a question that the Government will no doubt be seeking to answer in the days and weeks ahead. It is hard to define success at this point, except to say that we have a clear UN resolution before us on the protection of the Libyan people, and that we must seek to implement that resolution. That is the best criterion for success that we have, for now. No doubt the Government will want to build on that as the campaign unfolds.

Fiona Mactaggart (Slough) (Lab): My right hon. Friend is right to say that it will be hard to know when we should end this action. Will he therefore press the Government to ensure that the House is given constant opportunities to review the situation, so that we can be assured that mission creep is not taking place and that we are not going beyond what is necessary, and so that we can make the right decision at the appropriate time?

Edward Miliband: I think that my hon. Friend probably speaks for Members across the House, and Ministers will have heard what she and my hon. Friend the Member for Blackley and Broughton (Graham Stringer) said. It is important that the House is not just kept up to date but has the chance to debate these issues. I see the Prime Minister and the Foreign Secretary nodding.

Bill Esterson (Sefton Central) (Lab): The point about regular scrutiny of what happens is incredibly important, not just to hon. Members but for the wider public. Talking to constituents over the weekend, I discovered that they had great concerns about our involvement, and about the length and level of that involvement. A great deal is needed from the Government to reassure the public about that involvement, not just now but over the coming weeks and months.

Edward Miliband: My hon. Friend probably speaks for many hon. Members from all parts of the House who went back to talk to their constituents. There is obvious concern, for a range of reasons, about our engaging in another military action, and it is a completely understandable concern.

That takes me on to the third part of my speech, which is about not just defining the mission but ensuring that there is clarity as it moves forward. There are a number of questions and challenges that the Government must seek to answer in the days ahead. In particular, there are four areas that require clarity: clarity about the forces and command structure involved; clarity about the mandate; clarity about our role in it and the limits; and most difficult of all, clarity about the endgame.

On broad participation in the mission and the forces involved, I want to impress again on the Prime Minister, as I did on Friday—and he himself noted this—the central importance of Arab participation, not just in the maintenance of the no-fly zone but in all the diplomatic work that is essential to keep the coalition together. I welcome what he said about a regular coalition meeting, because that is important. The Arab League's decision to support a no-fly zone was central to turning the tide of opinion, which is why there was concern in various quarters about the apparent comments of Amr Moussa, the secretary-general of the Arab League, yesterday. He has since sought to correct the interpretation of those comments. I urge the Prime Minister—I am sure that this is being done, but it is important—to develop the fullest and most comprehensive diplomatic strategy to maintain the support of those countries and, indeed, the broadest possible coalition. That means not just keeping the countries in the region informed of our mission but ensuring that they are consulted on it.

We must be clear about the mandate of the UN resolution. We all want to see Colonel Gaddafi gone, and the Prime Minister repeated that today. None of us, however, should be under any illusions or in any doubt about the terms of what was agreed. The resolution is about our responsibility to protect the Libyan people—no more, no less.

Rehman Chishti (Gillingham and Rainham) (Con): Will the right hon. Gentleman give way?

Edward Miliband: Not for the moment.

I say to the Government—and the Prime Minister will know this—it is incredibly important that the international community observes the terms of the resolution in its actions and in what it says. I shall not rehearse the arguments about past conflicts, but we all know that ambiguity about the case for intervention is often one of the biggest problems that a mission faces. The House should be clear about the degree of difficulty of what we are attempting in securing a coalition from beyond western powers to support intervention in another, north African, state, so we cannot afford mission creep, and that includes in our public pronouncements.

Clive Efford (Eltham) (Lab): The point that my right hon. Friend is making is important. Gaddafi could prove to be very difficult indeed to remove, so we cannot impose limitations on the length of time that the action and the enforcement of the resolution will take. Civilians in Tripoli are as valuable as civilians in Benghazi, so the actions that we take will be measured by the people who support them, which will be a judgment on whether what we are doing is in line with the international agreement. Does my right hon. Friend agree that that is an important point we must always bear in mind?

Edward Miliband: My hon. Friend makes an important point. It is very important in all our public pronouncements to be careful about what we say. As the Prime Minister said, in principle it must be for the Libyan people to determine the shape of their future.

Military action by the coalition can be accompanied by a wide range of non-military measures to continue

[Edward Miliband]

the pressure on the Libyan regime. Security Council resolution 1973, as well as resolution 1970, sets out all the measures that can be taken, including cutting off access to money, trade, weapons and international legitimacy for Colonel Gaddafi. And we need to remind Libyan leaders and commanders that they will be brought to justice for any crimes they commit against their people.

Mr Graham Stuart (Beverley and Holderness) (Con): I am grateful to the Leader of the Opposition who, like the Prime Minister, is giving a powerful and thoughtful speech. He spoke about the duty to protect, and looking to liberal interventionism as a possible breakthrough watershed in global politics. Does he believe that it requires UN resolutions in future for countries, including our own, to be involved in implementing a duty to protect?

Edward Miliband: In the end, we have to look at that on a case-by-case basis, and the responsibility to protect looks at that issue, but clearly the hon. Gentleman is right to say that international consent is incredibly important for any mission that we undertake.

Joan Ruddock: On the point about our public pronouncements, my right hon. Friend will have seen headlines such as "Blown to Brits" and "mad dog" and references to Gaddafi's head on a spike. Does he agree that in this very serious circumstance, such language is completely inappropriate when our military forces and the people of Libya are in such grave danger?

Edward Miliband: My right hon. Friend is entirely right that we must exercise extreme care in all our public pronouncements. I will leave it at that.

The third point on which we must be clear is the role and limit of our forces. The resolution is clear that this is not about an army of occupation. The Prime Minister said on Friday that it was not about boots on the ground. There are obviously operational and strategic constraints on what the Prime Minister can say about our intentions, but we need as much clarity as possible, including answers to the issues of public consent and public opinion that were raised.

Finally, the Prime Minister is, I am sure, aware about people's worries that this will end up being a mandate for stalemate. The argument that we do not know the precise sequence of events that will unfold is not a good argument for inaction. As I said earlier, in the Kosovo debate in 1999 Robin Cook was confronted by exactly the same arguments. Today it is hard to find anybody who thinks that action was wrong. We were right to proceed, but equally, the Government and their allies cannot be absolved of the responsibility of planning a clear strategy for what might happen in different eventualities and what our approach might be.

Rehman Chishti *rose—*

Edward Miliband: I shall finish, as others want to come in.

It is essential that both we and multilateral institutions prepare for the peace, whatever form that might take. Indeed, alongside the responsibility to protect is the responsibility to rebuild. I am sure that is something that the Government will be urgently undertaking. It is imperative that they do.

Let me end on this point. Today's debate is conducted in the shadow of history of past conflicts. For me, it is conducted in the shadow of my family's history as well: two Jewish parents whose lives were changed forever by the darkness of the holocaust, yet who found security in Britain. This is a story of the hope offered by Britain to my family, but many of my parents' relatives were out of the reach of the international community and perished as a result. In my maiden speech in the House, I said that I would reflect

"the humanity and solidarity shown to my family more than 60 years ago".—[*Official Report*, 23 May 2005; Vol. 434, c. 489.]

These are the kind of things we say in maiden speeches, but if they are to be meaningful, we need to follow them through in deeds, not just words. That is why I will be voting for the motion tonight, and why I urge the whole House to vote for it.

4.49 pm

Sir Malcolm Rifkind (Kensington) (Con): Nothing could demonstrate more eloquently the difference between the ill-conceived Iraq war and this operation than the overwhelming agreement on both sides of the Chamber, including the very eloquent and moving speech by the Leader of the Opposition. We now have a no-fly zone, the effect of which has been to neutralise the Libyan air force and take it out of the conflict. There is a naval blockade on Libya, which means that none of the coastal towns can be subject to bombardment. However, Gaddafi's army remains, and it is legitimate to ask how the objectives of the Security Council resolution can be met, given those circumstances.

As the Prime Minister and others have pointed out, the Security Council resolution allowed us to do that because "all necessary measures" is a very well-known term. I was puzzled when Mr Amr Moussa expressed confusion on behalf of the Arab League about the action being taken, given that Lebanon, a member of the league, was a sponsor of the resolution. He must have known what it was intended to lead to, and I am relieved that he has moved on from that.

What we have seen already is the use of military power—the UN is entitled to do this—to attack artillery, heavy weapons and tanks on the roads of Libya where they might threaten civilian populations, but that is also relevant to the difficult question asked by one of my hon. Friends: what about Libyan regime forces that might have penetrated the towns and cities, where direct attack might be very dangerous? The need to protect civilians is of course paramount, but I believe that that matter will be addressed, because even the regime troops that have penetrated the towns and cities will need to have supplies of fuel and food renewed and other equipment provided, and that can now be blocked because any attempt to provide such reinforcements from outside the towns and cities can now be subject to the most precise destruction by coalition forces. That aspect of the resolution is very welcome.

There is another aspect to consider. Although we talk about a no-fly zone, the areas where civilian lives might be endangered or threatened have in fact become a

no-combat zone. It is worth considering that the Security Council resolution stipulates not only "all necessary measures", but

"all necessary measures, notwithstanding paragraph 9 of resolution 1970",

which is the resolution that imposed the arms embargo. That must mean that it is now appropriate under the terms of the resolution to supply the insurgents in Libya with military supplies in order to protect the civilian populations in which those insurgents are to be found. I hope that the Foreign Secretary or whoever will be winding up the debate will confirm that.

Mr David Burrowes (Enfield, Southgate) (Con): Will my right hon. and learned Friend give way?

Sir Malcolm Rifkind: We have such limited time that my hon. Friend will have to forgive me for not giving way.

The third factor, which is very significant, is the statement made by President Obama on behalf of all members of the coalition in which he said that this is not simply a question of a ceasefire, but that the Gaddafi authorities are required to withdraw from the various towns and cities they have been threatening. If they do not do so, under the cover of darkness or at some future moment we could face the same problem again. Those are the components available to the coalition and authorised by the United Nations, and I believe that that cannot be seriously disputed.

The second part of my remarks relates to the endgame. What will happen if Gaddafi not only announces a ceasefire, but is forced to respect it, as is likely in the next few days? Does that mean it is all over? I do not think that that would be an appropriate interpretation of the resolution. Even if he introduces a ceasefire that seems genuine for a few days or a couple of weeks, we would have to be satisfied that he was not going to break it as soon as a no-fly zone resolution is withdrawn, because it would be incredibly difficult to have it reinserted again. We would have to be satisfied that the Gaddafi regime, if it remained in power, would continue to be sincere about a ceasefire resolution. It might mean that bombing by coalition forces or raids that damage or destroy elements of the Libyan army are not required, but we would certainly be required to maintain the resolution in force so that it could be re-enacted with all severity, even if it appears that a real ceasefire has be conceded in a few days' time.

What does that mean for the future of Libya? Well, we just do not know. We cannot pretend to predict what will happen, because so much could and ought to depend on the actions of the Libyans themselves. There might be an uprising in Tripoli, and there might need to be civilian protection in that area—in the capital city—as well. Gaddafi's own cronies—his own generals and Ministers—might defect as they were doing just a few weeks ago when they realised the game was up, but the most important consideration, if we are to get rid of the Gaddafi regime, is for the Libyan people to liberate themselves.

If air power has now been removed from the Gaddafi regime, if the blockade prevents use of the Libyan navy, and if it is possible, as I have suggested, in certain circumstances for military supplies to be made available to some of the insurgents for the protection of civilians, then that provides an opportunity whereby, if the Libyan people themselves overwhelmingly, as they seem to, want to get rid of that noxious regime, they will have the military means, the support of the international community and the well wishes of the Arab League to do so. In that way, we can all be satisfied that a job will be truly well done.

4.55 pm

Mr Bob Ainsworth (Coventry North East) (Lab): I am a late and very reluctant supporter of these operations, and that is not because I have become a pacifist overnight, I can assure people. It is because it is relatively easy to support things on day one and relatively difficult to support them in month three, or in month nine—and this is a situation that cannot be foreseen. I remind people that, over the past couple of years, I have been somewhat concerned about the degree of enthusiasm in parts of this country—particularly in the media, but in parts of this House and in parts of the population as well—for yet another operation abroad, and I would have thought that that enthusiasm had been somewhat tempered by our recent experiences.

The right hon. and learned Member for Kensington (Sir Malcolm Rifkind) says how different it is now, in the House today, from when we voted for the Iraq war, but may I remind him that it is not? There was a huge majority in favour of the Iraq war, and his own party was massively in favour of it.

Martin Horwood: Will the right hon. Gentleman give way?

Mr Ainsworth *indicated dissent.*

One hundred and seventy-nine British lives and a lot of other consequences later, we can all see that there were some grave difficulties with getting involved, but many of those people who can see them now could not see them on that day.

On Afghanistan, 360 British lives and many consequences—

Martin Horwood: Will the right hon. Gentleman give way?

Mr Ainsworth: I am not going to give way.

On Afghanistan, we are now 360 British lives and many consequences later, but not so many of us could see the consequences on day one as can see them now. I was, and I am unashamedly happy to have been, reluctant and late in my support for the resolution.

I would not give my support tonight for the resolution if it were not for the fact that the United Nations had given its support, and that there was a breadth of support, including from the Arab League, for this intervention. That was because people worked at the issue, and worked at it pretty hard, so I commend the general positioning of the President of the United States of America, who flatly refused to lead on it until he could see that others were prepared to come with him. I think that his position was in part responsible for the breadth of support that there is.

I want people to agree that it is enormously important that we maintain that breadth of support, and I want to know from the Government that there will be a real

[Mr Ainsworth]

attempt to maintain it. The Prime Minister has told us that, after American leadership of the military operations, the plans are to hand the mission over to NATO, and he knows that it will be necessary to get Turkey on board in order for NATO to be prepared to take over the command structures of the operation. That will be an enormously positive thing, and we must put all effort into seeing to it that Arab countries—and Turkey, which as a Muslim country, is really important here—are prepared to take a lead. Qatar being prepared to provide hardware is of huge significance.

Are we serious about allowing others to be seen to lead? The Prime Minister told the House that he, President Obama and President Sarkozy had agreed that there were certain non-negotiable conditions. Why can we not have more people involved in deciding what those non-negotiable conditions are? Let us make sure that we do not do anything other than strain every muscle to see to it that the coalition that supports this action is maintained and continues to be as broad as it can.

May I say to the Prime Minister that even if it were sensible that Colonel Gaddafi be targeted as part of this operation, it cannot possibly be sensible for the British Defence Secretary to give the impression that that is okay? I hope that that kind of loose talk does not continue.

There are other issues that we ought to come to—such as the strategic defence review and our own ability to conduct these kinds of operations in future—that it is not appropriate for us to go into at this time. Certain issues need to be talked about because this operation has become necessary, such as our ability to proceed. In these circumstances, and in so many others, there are a lot more legitimate questions as a result of what has needed to be said in the past couple of weeks, and we will have to have those conversations in the months to come.

5.2 pm

Sir Menzies Campbell (North East Fife) (LD): On 18 March 2003, just over eight years ago, I voted against military action against Saddam Hussein. If I thought that the present action was illegitimate, I should have no hesitation in voting against it, because if we ask our young men and women to put their lives at risk, as we do, then the cause must be just, not only in strict legality terms but in political and even social terms.

I thought that the action against Saddam Hussein was illegal—it is a view that I have never had occasion to alter—but this action is necessary, legal and legitimate. It is necessary because of the systematic brutality of Colonel Gaddafi towards his own people, whose only crime is to want the opportunity to have a more democratic form of government and to enjoy freedom of speech and freedom of assembly. The lives of his people have been threatened in recent times by an immediate and chilling promise to go from house to house, from room to room, and to show no mercy. I invite the House to consider this: supposing we had allowed a slaughterhouse to take place in Benghazi, then what would have been the nature and the terms of the debate today?

I believe this action to be legal because of the express authority of a United Nations Security Council resolution, buttressed, as the Leader of the Opposition and I have just agreed, by the evolving doctrine of international law—namely, the duty to protect, which, as I pointed out, had its genesis in a speech made by Tony Blair in 1999 in Chicago, whereupon it was developed and adopted by the United Nations. There is legitimacy, yes, because this action springs from a universal repugnance of the international community against the brutal excesses of the Gaddafi regime, and it has the regional support of the Arab League and the Gulf Co-operation Council.

Be in no doubt, however, that Mr Gaddafi will be a dangerous opponent. Deceit, deception and defiance have kept him in power for many, many years. Be in no doubt, too, that to maintain the international coalition will require both skill and sensitivity. Be in no doubt that keeping public confidence at home will require resolve, determination and transparency.

Questions are already being asked in this House, as has been demonstrated by this debate, in an exercise of democratic scrutiny. I pause to observe that in Gaddafi's Libya, no such opportunities are available. The right hon. Member for Coventry North East (Mr Ainsworth) spoke about targeting. Neither the resolution nor international law would justify the specific targeting—or, in truth, the assassination—of Colonel Gaddafi. However, if he were engaged in direct control of military operations contrary to the resolution, and the command and control centre in which he was to be found was the subject of attack, he would be a legitimate target.

Questions have been asked about what success will look like and what are the terms of disengagement. It is not possible to be specific, but the answers to those questions and to the continuing questions that are thrown up by this debate will be found in the framework of the resolution and in the conduct of Colonel Gaddafi. The onus is now on him.

5.6 pm

Jim Dowd (Lewisham West and Penge) (Lab): Obviously we are all constrained by time, but these are grave matters not only for the people of Libya, but for the people of this country and for our allies, and indeed for the future of the United Nations.

In framing my remarks, I am minded to use the words of a wily old operator of recent years in this House, the late, great Eric Forth, who once said that when there is unanimity between the Front Benches, it is almost axiomatic that they are wrong. I do not believe that to be the case, but I believe that it is incumbent on us to examine most carefully those who do not agree with the proposition that is advanced by the Government and supported by the Opposition. I will vote with the Government tonight, but like my right hon. Friend the Member for Coventry North East (Mr Ainsworth) and any Member of this House who has any sense, I have a number of reservations about the nature of the path on which we are embarking, where it will take us, how it will end—which a number of Members have spoken about—how we can measure success, and what it presages for future international engagement and involvement.

International experience of recent times may lead us to different conclusions. The actions in Kosovo, Bosnia, Iraq and Afghanistan and the complete inaction, for various reasons, in Rwanda and Zimbabwe have all had consequences for those involved. Otto von Bismarck, a

politician perhaps not as great as Eric Forth, described politics as the art of the possible. In such issues, what matters is what is politically possible; I do not think that there is an abiding principle that unites them. It is a case of whether the ingredients necessary for international action and the will to undertake international action can be marshalled in the right proportion and with the requisite enthusiasm.

I can well understand those in this country who say, "This is nothing to do with us. Why, again, is it British armed forces—B servicemen and women—who are being placed , 's way when there is no direct British interest?" The Prime Minister referred to that point earlier. I agree that the interests of this nation and our people are not always directly connected to such matters. Sometimes there are dotted-line connections that have to be borne in mind. There are those who are asking, "Why should we get involved?" Somebody on the television last week, I think a former editor of *The Sun*, was saying that all the lives in Libya were not worth one ounce of British blood. I think that is a particularly brutal and unpleasant view of the world—that may be a prerequisite for being editor of *The Sun*—but I do not think many civilised people in this country share it.

The need to consider people's reservations is important, though. We cannot offer all the guarantees that people would want, but as the Prime Minister pointed out and my right hon. Friend the Leader of the Opposition echoed, the fact that we cannot do everything does not mean we should do nothing. To those who want consistency and say, "You've made mistakes in the past," the only answer is that that doctrine would lead us to believe that, for consistency's sake, we must carry on making mistakes in the future, and that we should never do anything right if we have never done it before. More particularly, it would be to say, "Be a pioneer, by all means, but never do anything for the first time." Sometimes there are cases in which we just have to.

The situation will be difficult, including in considering what the end will look like. There can be no end under Gaddafi, I am convinced of that. As the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) said, if Gaddafi were to scale down his operations and the UN were to say that resolution 1973 had been discharged and should be dispensed with, as soon as we were gone he would take up the struggle against his own people again.

I believe that the only previous no-fly zone was authorised against Iraq, and of course it was supplanted only by the invasion and the war. I am not clear what the end of the current situation will be. More particularly, I have grave concerns about how we will judge whether events are going well or badly. I assume that in the first instance it will be about whether the Libyan people are no longer being harassed by Gaddafi, at least not overtly. For as long as that is the case, we can claim some success. We can already, because the assault on Benghazi that was clearly intended did not materialise in the way that Gaddafi and his henchmen envisaged.

We have a difficult choice. I will support the Government in their motion to support resolution 1973, because I believe that is less bad than the alternative of doing nothing. It is also consistent with the type of nation that I believe the majority of the British people make up. We are not the kind of people who pass by on the other side of the road. Sometimes we have to put up or shut up. On this occasion I shall certainly now shut up, but I believe we should put up.

5.12 pm

Mr Ben Wallace (Wyre and Preston North) (Con): I fully understand why we intervened in Libya. Because of our actions today, on Friday and over the weekend, thousands of civilians are now safer than they were when they were within reach of Gaddafi's butchering hand. We should reflect on the comments of the right hon. and learned Member for North East Fife (Sir Menzies Campbell) about Colonel Gaddafi's statements that he would go from room to room, showing no mercy.

I pay tribute to the Prime Minister and his team for getting the resolution at the UN with considerable swiftness, and to our armed service personnel, who right now are risking life and limb to ensure that the civilians of Libya are protected from a regime that shows no appetite to stop.

Because of the military might of the west, we have to realise that the question of what comes next may arise more quickly than we think. We have already seen the accuracy of our armed forces and their ability to degrade a foreign power's military, which means that we need to start thinking through the problems ahead. It is not enough just to implement and follow the spirit of resolution 1973. We have to show the world that we are doing so, and how. I believe that we need to be a little more transparent in that. We need to talk, perhaps, about the targets that we are hitting, because if we do not, Mr Gaddafi and the enemies of reform in the middle east may well fill the vacuum with their propaganda. We have already seen that today to some extent. It is important that, with the winds of change blowing through the middle east, we are very clear about what our red lines are and what we stand for. If we are not, we may be open to the charge of giving false hope to other countries, or to charges of hypocrisy.

We should remember that authority in the middle east has changed. It has moved away from the Ministers of Arab countries to whom we used to look for reassurances and towards the Arab street. Some Arab Ministers are not in as strong a position as they would like. We should not forget that the Arab street is becoming ever more emboldened throughout the region.

We should be consistent in our criticism. Bahrain is currently setting out on a course of sectarian violence and oppression against its 70% Shi'a majority. Indeed, a lady who worked for me recently and left Bahrain for Dubai was asked at every checkpoint whether she was Shi'a or Sunni. The Shi'as were taken out of the car and beaten and the Sunnis were allowed to progress.

Jason McCartney (Colne Valley) (Con): I thank my hon. Friend for giving way, and the Prime Minister and the Leader of the Opposition for answering many of the concerns, worries and fears that my constituents expressed to me over the weekend. I say that as someone who played a small part in the no-fly zone over northern Iraq that lasted the best part of a decade. Does my hon. Friend agree that those fears, worries and uncertainties about the future are the legacy of Iraq?

Mr Wallace: I agree with my hon. Friend. It is all about trust, and we therefore need an element of transparency, and to demonstrate in the region how we

[Mr Wallace]

are implementing the UN resolution as a way of keeping that trust and that broad support for the resolution. To lose that would be a backward step.

We need to bear in mind some questions in the next few days and weeks as we progress towards implementing the resolution. We need to ask ourselves and think through—perhaps in private but often in public—what happens if the rebels counter-attack. In wars, atrocities happen on both sides. What is our position? The resolution is about protecting civilians—that is our first and foremost duty. We must ask ourselves whether we are in danger of being manipulated by some groups. Are they using "one infidel against another"? Do people want democracy or a totalitarian state? What role can we play as a broad coalition to ensure that they follow the path of liberal democracy and tolerance?

Do we want regime change? Is that perhaps the inevitable end of the Gaddafi regime? Is Gaddafi himself a target? Speaking personally, I believe that Gaddafi is the same brutal mass murderer that he always was. He is the man who blew up Pan Am in the 1980s, armed the IRA in Northern Ireland and is responsible for the death of Yvonne Fletcher. We cannot teach old dogs new tricks, and some questions need to be answered about how we have got so far down the road as to allow an emboldened Gaddafi to be in his current position.

In the 13 years of the previous Government, there were some concerns about how the Foreign Office did its job. From time to time, we did not think through the problems. Let us remember that the Foreign Office recommended more deals with Gaddafi, and that some of us spoke out against that in the previous Parliament and before. Some of us said that Mr Gaddafi could not be trusted. Now we discover that the weapons of mass destruction deal—the deal that we were told in 2003 was the reason for bringing him in from the cold—was not honoured by Colonel Gaddafi. He kept some of his mustard gas, and the Foreign Office failed to inform us of that. If Mr Gaddafi is to go, he will not be missed by the House, but we should also ask ourselves whether he is the point of the exercise.

We should not forget the role that the modern age—the internet—has played in the revolution as it blows through the middle east. In 2009 in Iran, Twitter and Facebook empowered people on the streets. The movement will go from Libya to other places. However, let us not forget that every country in the middle east is unique. Factors such as Islam, sects, tribes, tradition and history should affect not only what happens on the ground but how we respond to the threat and to people who may be suppressed. We need to learn the lessons of history and remember that what we do today will have a ripple effect.

I do not envy the Prime Minister and the Foreign Secretary in the next stage of the challenge. Our action in Libya will ripple through the middle east. It may point in the right direction and lead the middle east into a more democratic, liberal environment. If we get it wrong—and it is a great gamble—we could end up with a middle east in the hands of Islamic fundamentalists and a less, not more, tolerant middle east. I wish the Prime Minister and the Foreign Secretary well in all that they do to try to ensure the right direction. It is time again to play the great game that we used to play so well rather than settle for the tactical, short-term policies of the past 13 years.

5.19 pm

Mr Jack Straw (Blackburn) (Lab): Two weeks ago, I re-watched "Hotel Rwanda", the chilling film portrayal of the massacres of the defenceless civilians who were hacked to pieces by the so-called forces of law and order because they had the misfortune to belong to the wrong ethnic group. In July 2005, when the UK had the EU presidency, I went to Srebrenica in Bosnia for the 10th anniversary commemoration of the day in 1995 when 10,000 unarmed civilians were brutally murdered by the forces of law and order because, in that case, they had had the misfortune to belong to the wrong religious group.

In Rwanda and Bosnia, the UN solemnly considered what it should do. In both theatres, there were already blue-hatted UN troops on the ground, but they stood by as the massacres took place in front of them. Those troops were there as peacekeepers, but there was no peace to keep—rather, peace urgently needed to be made.

Doing nothing in the face of evil is as much a decision with consequences as doing something. This resolution is historically significant not just on its own terms, but because, as we heard from my right hon. Friend the Leader of the Opposition, this is first occasion on which the Security Council has acted decisively upon the words relating to the responsibility to protect, which were agreed in the UN General Assembly in 2005, and in Security Council resolution 1674 2006.

Martin Horwood: I worked for Oxfam at the time of the Rwanda crisis and I strongly remember the awful situation in which UN forces found themselves. I hope the right hon. Gentleman was not implying fault on the part of the blue hats themselves, because their rules of engagement constrained them. The progress that the international community has made leading to the responsibility to protect is of course very positive.

Mr Straw: I was implying no such criticism of the blue hats. The responsibility for what did not happen in Rwanda and Bosnia rested and rests with the Security Council and the international community, which failed to take action in the face of what amounted to genocide.

I am grateful to the right hon. and learned Member for North East Fife (Sir Menzies Campbell) for twice mentioning that former Prime Minister Tony Blair, in his groundbreaking speech in Chicago in 1999, laid the foundation for what six years later became the agreement on the responsibility to protect.

Richard Graham (Gloucester) (Con): Does the right hon. Gentleman agree that the efforts and success of our diplomats in the UN Security Council in ensuring the correct wording of resolution 1973 should be well recommended?

Mr Straw: The hon. Gentleman anticipates what I was going to say, but I am happy to put that on the record, not least because as a former member of the Foreign Office diplomatic service, he served me and my predecessors and successors very well.

We all know what the consequences of doing nothing about Colonel Gaddafi would have been: industrial-scale slaughter. The medium and longer-term consequences of the military enforcement of Security Council resolution 1973 will be more benign, but we must recognise that the situation is fraught with uncertainties. The progress towards democracy in Libya and elsewhere in the middle east, which all hon. Members and the peoples of the region seek, will be inherently more difficult than eastern Europe's progress towards democracy after the Berlin wall came down 20 years ago.

The middle east is a tough region, and its democrats will face two primary threats: the autocrats such as Gaddafi, Saddam Hussein, or Presidents Mubarak and Ben Ali; and alternatively, those who wish to misuse and misinterpret the great and noble religion of Islam to establish backward-looking autocracies no less terrible than those of Gaddafi or Saddam Hussein.

Ultimately, the solution has to lie in the hands of the people of Libya and these other countries, but the international community—the United Kingdom included—can profoundly influence the final outcome by taking the right action or by inaction. I welcome what the Prime Minister said about the plans on which Her Majesty's Government are already working. However, I hope that they will also draw together and publish a strategy setting out the UK's vision for the region and the assistance they will provide, as part of an international programme, for an economic and political reconstruction of Libya carried out by the Libyans for the Libyans. I hope that that will include not just traditional overseas aid, but the work of an enhanced Westminster Foundation for Democracy, to nurture and sustain the growth of democratic institutions.

As we have heard, there are those who are reluctant or unwilling to support our action in Libya, and who seek a rationalisation for that inaction by making the relativist argument that we should not intervene in Libya unless or until we also intervene in, for example, Yemen, Bahrain or Saudi Arabia. The immediate answer is that Libya is by far and away the most egregious case. I condemn the brutality elsewhere in the region as strongly as anybody else, but processes are under way in some parts—not all—of the region that might succeed, and in any event the democratic forces in those and other countries across the region will be greatly strengthened, not weakened, by the action we are taking in Libya. In my view, provided there is international pressure behind it, the revolution in attitudes sweeping the region will also increase the pressure on the Government of Israel properly to negotiate a settlement with the Palestinians. No longer can the Government of Israel rely on complacent and compliant countries on their borders within the Arab world.

There is a parallel with Iraq, and I understand—why would I not?—its controversy. However, there is not the least doubt—not least from the mouth of Colonel Gaddafi himself—that but for the military action in Iraq, Gaddafi would never have given up his well-advanced nuclear weapons programme and a significant part of his chemical weapons programme. In the end, he had to give them up. Gaddafi without nuclear weapons is dangerous enough, as we have seen; Gaddafi with such weapons would have been far more dangerous—perhaps so dangerous that the international community would have been prevented from dealing with him today.

I salute our military personnel, as they are placed, yet again, in harm's way on our behalf and that of the international community. I give my wholehearted support to the motion before the House, and I commend the Prime Minister and the Foreign Secretary for their indefatigable work in securing—against the odds—the resolution.

5.28 pm

Kris Hopkins (Keighley) (Con): Having watched these debates and diplomacy since the Falklands war, and having observed the battles on CNN and sanitised movie footage of jets taking off, troops returning fire and Union Jacks attached to aerials and advancing tanks, I find it a daunting thought to be in the House debating and contemplating our responsibility for the deployment of people whose principal purpose is to kill other people on our behalf. During my basic training in the Army, I realised that a sergeant shouting at me to stab and scream and stab again a bale of hay with a fixed bayonet was teaching me how to rip somebody apart. A few years later, I saw the remains of an IRA terrorist unit that had been ambushed by a Special Air Service unit. The remains had been shredded by the hundred of bullets that had gone through their bodies.

Following the first Gulf war, a friend of mine showed me some pictures that he had taken of the convoy attempting to escape back up to Iraq. One of the pictures was of the charred, black head and a desperate hand—black and maimed—of someone trying to leave their vehicle. There is nothing glorious or romantic about war. To those in the media who have portrayed what is happening now—or what has happened in previous wars—as some form of entertainment, I say that that is just not right. I am afraid that human beings need to commit brutal, savage attacks on each other to win wars.

I have spoken in the House before about our lack of political capital following the illegal war in Iraq and what I believe is a folly in Afghanistan. There may be moral reasons to fight again, but I will be honest: we are struggling to find the moral high ground from which to project that morality. As people have said, Gaddafi is the man who brought down the Pan Am plane over Lockerbie, the man who shipped the weapons that killed some of my colleagues and the man who killed WPC Fletcher. However, I feel uncomfortable about going to war. It is not a simple choice; it is a really difficult choice to contemplate.

This morning when I was coming to work, I listened to a phone-in from BBC television about whether we should kill Gaddafi. It was almost gladiatorial, as though people were phoning in so that we could see whether the populace was giving a thumbs-up or a thumbs-down. I have to say that I was fairly disgusted that the killing of another human being, however disgusting he is, could become a form of entertainment.

While we pontificate about morality and our obligations, brave men and women are putting their lives at risk at our request. This is not a debate about student fees, the Scotland Bill or the double summer time Bill; this is about the business of war. We do not take this decision lightly. While we wage war on our enemy, Muslim brothers and Arab leaders—with a few exceptions—remain silent. It is more convenient to wait for the infidel to kill their Muslim brothers and then gesture disapproval than it is to stand up to a tyrant. To the new leaders of the emerging democracies out there in the middle east, I

[Kris Hopkins]

say this: "The next time a murderer comes to the end of his reign, you gather in your House, like we are today, and think about how you're going to take your share of the responsibility and what you're going to contribute."

Mr Andy Slaughter (Hammersmith) (Lab): Will the hon. Gentleman give way?

Kris Hopkins: I am not going to give way.

I said that this was a decision that I do not take lightly, and I do not think this nation takes it lightly either, but I will support the Government. The Prime Minister was right to secure a UN mandate. His leadership stands in stark contrast to the leadership that has gone before in this nation. Let us hope that the positive responses from the United Nations are a sign of something to come because, fundamentally, it is the weakness of United Nations members that has created so many international disasters in the past.

5.33 pm

Mr Dai Havard (Merthyr Tydfil and Rhymney) (Lab): I would like to say something about the resolution and the immediate deployments, and then perhaps something about the exit strategy, the context in which all this is happening and its domestic effects over time.

Like everyone else, I have struggled with the question of moral relativism. Sometimes, the right statement comes out of the wrong mouth, which is difficult to deal with. However, there has been an ambivalence—certainly on the left—about revolutionary dictators in different parts of the world. My internationalism, which comes from my ethical socialism, has trumped all that, so on this occasion, because the proposal has UN support—something we claimed we needed for other things in the past—I will support the motion. However, I need to be clear: I will be supporting the Libyan people, the United Nations and Parliament, as opposed to the Government. There is a question about the Government keeping Parliament involved in the process, to which we will come back a number of times.

I have had the privilege of meeting armed service personnel, some of whom are probably delivering some of the activity at the moment: people forget about the T-boats, but suddenly they are terribly important. There are questions about aircraft—it was a little ironic to see American Harriers hopping back to their carrier, whereas our jets had to go a long way. There are all sorts of ironies in these things.

The question of intelligence for targeting is hugely important. We know that we cannot alienate the people; we need to show them that we are there to support them, and to do so. The illustration yesterday of an intelligent targeting process was very welcome and will, I think, pay enormous dividends, but it must be maintained.

On the no-fly zone, the Americans say, "Well, we've done that now. It's in place. Job done." I hope it is not "Mission accomplished", as the Americans claimed in the last exercise we saw. The truth is that it is not a done deal. There might be some form of no-fly zone and sea blockade in place, but I asked about the clarity of the mandates, from which comes the clarity—or not—of the missions that are undertaken, and there clearly is not just one mission.

I do not want to go into the dispute about whether a decapitation strategy is necessary for Gaddafi. We need to understand that Gaddafi is an Arab and an African—he does not think as I think. He will do all sorts of things; we know that and we need to respond. The hon. Member for Wyre and Preston North (Mr Wallace) made some interesting points that need to be pursued. We need clarity about the mandate.

It was suggested earlier that we could bend the arms embargo to arm certain groups of people. Let us be very clear: we cannot bend anything. If we start doing that, there will be moral relativism and we will lose the legitimacy we have just achieved through the endorsement of the United Nations and through the broader coalition of people coming to support us.

The point I am trying to make is that this is not just about Parliament talking to Arab leaders. It is not just about diplomacy among the leaderships—between the party leaders in this country or between Arab leaders—but about diplomacy and a conversation with, as everyone now calls it, the Arab street. Let us engage in that discussion and see some effort put in. We need people on the ground, not as an occupation force but to help conduct such activity. That is doubtless already happening, to some degree—men in black with beards are doing wonderful things, and they will need some more support. The burden of effort needs to shift to the diplomatic efforts, in their broader sense, to provide some sort of solution. There is no kinetic solution—there is an intelligence-led solution that needs to be—

Mr Burrowes: Will the hon. Gentleman give way?

Mr Havard: No, I am sorry but time will not allow me to do so.

Let me say something about the exit strategy. We need to do all the things I have mentioned and a lot of other things that I do not have time to itemise now, but it is important to ask who we do them with and where we do them. Will we train people? Where will we train them? Who will help with the training? The Arab states' involvement in the process is key. We need to internationalise it and to do so much more than we have in the past.

There is also a question of sustainability. We are still in Afghanistan. We need to get real about what we can and cannot do and we then need a conversation about the domestic effects of all this. There are domestic effects on the strategic defence and security review and other matters. Will we have the capability to operate in the littoral in the future? Discuss. The Defence Committee will discuss these matters but Parliament needs to do so too. We need to be very clear about the question of sustainability over time, because this is not just about the military—it is about the Department for International Development and about foreign policy. We need a clearer foreign policy, as was stated earlier. Unless we have an idea of what we are trying to do, we will not equip ourselves to do it.

I support the Libyan people, our armed forces and their families and this deployment, but—

Madam Deputy Speaker (Dawn Primarolo): Order. I call James Arbuthnot.

5.39 pm

Mr James Arbuthnot (North East Hampshire) (Con): It is a pleasure to follow the hon. Member for Merthyr Tydfil and Rhymney (Mr Havard), who is Vice-Chairman of the Defence Committee. I hope to return to one of his observations later in my speech.

On Friday, I described the Prime Minister's drive towards achieving the resolution as showing "courage and leadership", but today let me first pay tribute to the courage and leadership shown by our armed forces. As John Nichol found when he was enforcing the no-fly zone in Iraq, those who fly into hostile territory take extreme personal risks. As ever, we make decisions that they then carry out, and we owe them as much as they are prepared to sacrifice on our behalf, which is everything. In that context, it was an extreme honour to be in the Chamber to hear the speech of my hon. Friend the Member for Keighley (Kris Hopkins). It was one of the most powerful and moving speeches that I have heard in the House, and I hope that others listen to it as well.

However, political actions, too, show moral courage or the lack of it. The safe thing to do would have been to leave the leadership to the United States or to countries nearer to Libya, probably in Africa. There was a large chance—and I have to say that it was my own expectation—that the resolution would fail. Demanding publicly something quite so controversial shows not only real clarity about what is right and wrong, but a willingness to risk rebuff and potential humiliation in order to do right. I am proud that we have a Prime Minister and a Foreign Secretary who are willing to take such risks.

All the arguments against the resolution were considered by the United Nations in exhaustive detail and, in the end, rejected. Britain's United Nations ambassador, Sir Mark Lyall Grant, is clearly a persuasive and respected man and is very, very good at what he does. We could have said that it was a matter for the Libyans; we could have left it to them, whatever the cost to civilians. But when the League of Arab States takes a different view, that suggests strongly that we ourselves should consider whether we should be so laissez-faire: our doing so would have had consequences elsewhere. Just as Arab countries were showing themselves ready to throw off tyranny, we would have been sending the message that the correct response for a tyrant is, in Gaddafi's words, to show no pity and no mercy, and that message would have been heeded throughout the world. I therefore entirely support the motion.

However, this is only the beginning. There are some serious questions that need answering, and they will trouble those who support the motion just as much as they will trouble those who do not. First, what is the end state that we want to achieve? Obviously we would like to see the back of Gaddafi, but that is not part of the United Nations resolution; so with what will we be satisfied? Secondly, in general terms, what is our strategy for reaching whatever end state we wish to be satisfied with, and how will we decide when we have done so?

Mr Straw: The right hon. Gentleman is, of course, correct to say that "getting rid of Gaddafi" is not part of resolution 1973, but the resolution that preceded it—resolution 1970, which provides for the prosecutor of the International Criminal Court to investigate crimes against humanity in Libya—could easily bring about the arrest and incarceration of Colonel Gaddafi under international law. Does the right hon. Gentleman agree that we need to factor that into our strategy?

Mr Arbuthnot: I entirely agree. On Friday I asked whether the aims of resolution 1973 were impossible to reach unless Gaddafi were gone. My right hon. Friend the Prime Minister, however, said that the resolution was about giving protection to the civilians, with which I entirely agree. He went on to say that it was about giving the Libyan people the chance to determine their own future. I do not see anything in the resolution that says that, but I think we need to be clear about it.

Thirdly, will further resolutions from the United Nations be needed or sought as a result of some of the questions that will arise during this debate?

The fourth question is about exactly how far the advice of the Attorney-General takes us. We must be absolutely clear about what is sanctioned by the resolution and what is not. The summary of the Attorney-General's advice is clear, because enforcing the no-fly zone is clearly allowed by the UN resolution. However, we need to know not only that what we are doing is legal but how far, legally, we are entitled to go. We must not leave a chink that will let people say, "The resolution allowed some things, true, but not this."

Fifthly, will the Treasury be generous? Will my right hon. Friends the Prime Minister and the Chancellor of the Exchequer allow the Ministry of Defence to concentrate, at least for the next few months, on these operations rather than on its desperate scrabble to find the extra £1 billion, for this year alone, to which it was committed in the strategic defence and security review but which it still has not identified?

Sixthly, does my right hon. Friend the Foreign Secretary agree that ruling out the use of occupation forces does not rule out the use of ground forces? I am talking not just about search and rescue helicopters, which my hon. Friend the Member for North Warwickshire (Dan Byles) mentioned during the Prime Minister's speech, but about identifying targets that are free of civilians.

Seventhly, there is the difficult question of whether the ceasefire applies to the rebels. If the rebels try, in response to breaches of the ceasefire by Gaddafi, to retake areas that he has taken, should we use military force to stop them? That would seem a bit strange, but does the UN resolution permit the facilitation of arms supplies to the alternative Government, and if so should the United Kingdom be helping to provide that?

These are things that we do not know, as a result of the UN resolution, and we might need a further resolution to clarify things. Many more issues will arise, but I support this action. The House will not give a blank cheque to this action, so I welcome the Prime Minister's willingness to return to the House to keep us updated on something that is moving very fast.

5.47 pm

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): It is an honour to follow the Chairman of the Defence Committee, the right hon. Member for North East Hampshire (Mr Arbuthnot), and the Vice-Chairman, the hon. Member for Merthyr Tydfil and Rhymney (Mr Havard), both of whom I am pleased to serve with on the Committee. We support the Government on the

[Mr Jeffrey M. Donaldson]

actions they have taken in Libya, which are an appropriate response to the situation. It is often said that for evil to flourish all that is necessary is for good men to do nothing, but doing nothing was not an option for the Government and the international community in this case. In examining the decision that has been taken and the motion we are being asked to support this evening, I feel there are clear differences between the decision we are taking and previous decisions that we have been asked to take. I speak as someone who has consistently supported Governments in the past in the difficult decisions they have had to take about going to war.

Mr Graham Allen (Nottingham North) (Lab): May I correct the hon. Gentleman? This House is not taking any decisions: the Government have already taken a decision and have graciously allowed us a debate today. Does he agree that if we are to ensure that we stay properly informed, which the Prime Minister and Leader of the Opposition have both talked about, we need to resolve the question of the House's rights in respect of when this country goes to war? As we are the elected Chamber there ought to be something in our Standing Orders or in the Cabinet manual or some other place that gives the Chamber the right to be consulted before or after an action takes place.

Mr Donaldson: I was present on Friday when the Prime Minister made his statement to the House. We had a lengthy discussion at that stage and Members had an opportunity to put their views before we went into the conflict in Libya. I believe that the commitment of the Government in allowing us this debate takes us a further step along that road, and the Prime Minister has given a commitment to keep the House informed of further developments, so at least there are those indications that the Government are taking the House and the views expressed in it seriously.

I congratulate the Foreign Secretary and his colleagues in the Foreign and Commonwealth Office—the diplomatic service was mentioned earlier—on the excellent work done in building the international coalition. Again, that is a mark of the lessons that we have learned from the past. The Government have demonstrated a willingness to learn those lessons, and that is perhaps why there is broader consensus today, not just in this House, but in the nation, on the actions that the Government are taking, and we welcome that.

Right hon. and hon. Members have asked: what is the endgame? What will we regard as success? I accept entirely the position, articulated by the Prime Minister, that we do not know what the outcome will be. At the weekend, I had the joy of watching that excellent film, "The King's Speech". When Chamberlain announced that Britain was at war with Germany, it struck me that it was a recognition that appeasement had not worked, but no one at that time knew the outcome of the decision to go to war. Very often, that is the case with war: one simply does not know what the outcome will be.

Leadership is about taking decisions that have an element of risk attached and where there is an element of uncertainty about the outcome, but at least in this instance, given the broad international support, there is a prospect of ensuring that we minimise the loss of life in Libya. We have seen ample evidence of that already in Benghazi and other places, where people really were facing a very dangerous situation. We welcome the fact that intervention has already had success, in so far as it has halted Gaddafi in his tracks and preserved human life. What success will look like beyond that remains to be seen. It is for the people of Libya to determine their future, obviously with international assistance and support.

That brings me to my second point, which touches on the comments that the Vice-Chairman of the Defence Committee made about our capacity to do this kind of thing in future. In the strategic defence and security review and the national security strategy, we talk about the need to develop and strengthen our involvement in conflict prevention and resolution. If our armed forces are to be smaller in future, greater effort and resource needs to be put into preventing such conflicts in future, because our involvement in international affairs is often marked by the need to intervene to prevent human tragedy when conflict is well under way. It is right that we do that, but we also need to look to a future where conflict prevention is given greater priority in what the Government seek to do.

Forgive me if this sounds parochial—it is not—but the Prime Minister referred to the involvement of Colonel Gaddafi in supporting international terrorism. We know what Colonel Gaddafi is capable of; he has made it clear that if he remains in power—that is a possible outcome—he will seek retribution against those who acted against him. We in this country know what that can look like. We know what it looked like in Warrington, Manchester, Canary Wharf, Bishopsgate, Enniskillen and Warrenpoint, and on the Shankill road in Belfast, where the weaponry that Gaddafi supplied to terrorists was used to bring to an end the innocent lives of British citizens. We know what the man is capable of doing, not just to his people but to others.

Looking towards outcomes, I welcome the establishment of the dedicated team in the Foreign and Commonwealth Office. I know that the Foreign Secretary has been supportive of its work. If there is regime change, and Gaddafi is removed by his people, I hope that we will pursue a settlement on behalf of victims in the United Kingdom who suffered as a result of Gaddafi's state-sponsored terrorism. If we are to send our armed forces halfway across the world to protect the lives of people in Libya, the least that we can expect is that any new Libyan Government will honour the obligations on the people of Libya to recognise the suffering of innocent civilians in this country as a result of what Gaddafi and his surrogates did here, and to support the efforts of the victims to secure a settlement that recognises their suffering.

5.54 pm

Rory Stewart (Penrith and The Border) (Con): This is not something that began in Libya, and it will not end in Libya. It came out of a regional situation. It is a response primarily to Egypt and Tunisia. We should be celebrating, but with immense caution, what both the Prime Minister and the Leader of the Opposition have supported because of that broader regional context. We are talking about not one country and one month, but a series of countries and 30 years. We have to keep our eyes on that, or we will find ourselves in a very dangerous and difficult situation.

The situation in Libya and the no-fly zone are driven, of course, as everybody in the House has said, by our humanitarian obligation to the Libyan people. It is driven by our concerns for national security and, probably most of all—this is not something that we should minimise—by the kind of message that we are trying to pass to people in Egypt or Tunisia. If we had stood back at this moment and done nothing—if we had allowed Gaddafi simply to hammer Benghazi—people in Egypt, Tunisia and Syria would have concluded that we were on the side of oil-rich regimes against their people. We would have no progressive narrative with which we could engage with that region over the next three decades.

Stephen Lloyd (Eastbourne) (LD): On that point, does my hon. Friend agree that it is incredibly significant that both the Arab League and countries in the area such as Qatar support the engagement and the UN resolution?

Rory Stewart: I agree very strongly. That is immensely significant, but the meaning of that needs to be clear. The limits that the Prime Minister has set are so important to all of us exactly because of that point. The reason we need the Arab League and the UN on side, the reason we need a limited resolution, and the reason all the comments from around the House warning that the situation should not become another Iraq are so important is that we are talking about 30 years, not just the next few months.

Respectfully, I disagree with the right hon. and learned Member for North East Fife (Sir Menzies Campbell); the most important thing for us now is to be careful with our language and rhetoric, and careful about the kinds of expectations that we raise. I would respectfully say that phrases such as "This is necessary," or even "This is legitimate," are dangerous. All the things that the Prime Minister and the Leader of the Opposition have done to hedge us in, limit us, and say, "This isn't going to be an occupation" are fantastic, but they are only the beginning.

Katy Clark (North Ayrshire and Arran) (Lab): Does the hon. Gentleman agree that one of the risks is that it might be said on the Arab street that we would not be interested if it were not for the oil in Libya?

Rory Stewart: That is a very important danger. The fact that Libya is not just an Arab country, but a country with oil, has to be borne in mind. The kind of legitimacy that we may have had in Kosovo will be more difficult to come by in Libya for that reason.

The biggest dangers—the dangers that we take away from Afghanistan—are threefold. The Prime Minister will have to stick hard to his commitment, because it is easy for us to say today, "So far and no further," but all the lessons of Afghanistan are that if we dip our toes in, we are very soon up to our neck. That is because of the structure of that kind of rhetoric, and the ways in which we develop four kinds of fear, two kinds of moral obligation, and an entire institutional pressure behind reinvestment. That is why the former Secretary of State for Defence, the right hon. Member for Coventry North East (Mr Ainsworth), is correct to sound his cautions.

What are the four fears? We can hear them already. First, people are saying, "We have to be terrified of Gaddafi. He is an existential threat to global security." That is the fear of the rogue state. The second fear is the fear of the failed state. Gaddafi is making that argument himself: "If I collapse, al-Qaeda will come roaring into Libya." The third fear that people are beginning to express is a fear of neighbours. They are already beginning to say, "If this collapses, refugees will pour across the borders into other countries." The fourth fear is fear for ourselves: fear for our credibility, and fear that we might look ridiculous if, in response to our imprecations or threats, Gaddafi remains. We have seen the same fears in Vietnam, where people talked about the domino theory. We have seen the same fears in Iraq when people talked about weapons of mass destruction. We have seen the same fears in Afghanistan, where people worried that, if Afghanistan were to topple, Pakistan would topple and mad mullahs would get their hands on nuclear weapons.

Those are all the same fears, and the same sense of moral obligation. We do not need to be able to name two cities in Libya to be able to talk about two kinds of moral obligation: our moral obligation to the Libyan people, and our moral obligation because we sold arms to the Libyans in the past. This is very dangerous, and we must get away from that kind of language and into the kind of language that is humble, that accepts our limits, and allows us to accept that we have a moral obligation to the Libyan people but that it is a limited one because we have a moral obligation to many other people in the world, particularly to our own people in this country.

Of course we have a national security interest in Libya, but we have such an interest in 40 or 50 countries around the world, and we must match our resources to our priorities. The real lesson from all these conflicts is not, as we imagine, that we must act. The real lesson is not just our failure, but our failure to acknowledge our failure, and our desire to dig ever deeper. It is our inability to acknowledge that, in the middle east, many people will put a very sinister interpretation on our actions. It is also our failure to acknowledge that "ought" implies "can". We do not have a moral obligation to do what we cannot do. We have to consider our resources rather than our desires.

What does that mean? This is easy for someone on the Back Bench to say, and much more difficult for a Prime Minister or other leader to say. How do we set a passionately moderate rhetoric? How do we speak to people to support something that is important? How do we acknowledge the moral obligation and the national security questions, but set the limits so that we do not get in too deep? I suggest that we need to state this in the most realistic, limited terms. First, we need to say that our objective is primarily humanitarian: it is to decrease the likelihood of massacre, ethnic cleansing and civil war, and to increase the likelihood of a peaceful political settlement. Secondly, we will try, in so far as it is within our power to do so, to contain and manage any threat from Libya. Finally, we will deliver development and humanitarian assistance. In the end, however, the real message that we are passing on through limited rhetoric is not to the people of Britain but to the people of the middle east over the next 30 years.

6.3 pm

Natascha Engel (North East Derbyshire) (Lab): Thank you very much, Mr Deputy Speaker, for calling me to speak after one of the best speeches that I have ever

[Natascha Engel]

heard in the House. The hon. Member for Penrith and The Border (Rory Stewart) speaks with a passion matched only by his personal experience and absolute expertise, so it is with slight trepidation that I follow him in the debate. I want to build on what he has said, however, because I agree with much of it.

I think that everyone here agrees that we must take on our responsibility to protect civilian lives in Libya, that the criteria for intervention has been met and that this is being done on a legal basis. We agree that Gaddafi has violated the conditions of sovereignty that would allow him to protect his own people. He has gone so far against them that it is now incumbent on us to take some kind of action. I also give my absolute support to the United Nations, and to the international community, in helping Libyan civilians. Having said all that, it is a very big leap from the question of whether we should act to that of how we should act. We must not conflate the two.

I believe that we are also clear about the outcomes that we want. We all agree that we want to stop Gaddafi slaughtering civilians in Libya, but how we should do that has not been adequately explored, and the consequences of our actions have not been well enough thought through. Being well motivated and well meaning is not enough to go to war. We must consider carefully all the options and all the possible consequences of our actions. We hope that the outcome will spell liberation, democracy, self-determination, stability and greater security in the world. We are all keeping our fingers crossed that that will happen.

However, north Africa and the middle east have complexities that none of us fully understands. The outcome of the unrest in the region is unknowable. We know one thing, however. I shall take the advice of the hon. Member for Penrith and The Border and be careful about the words I use; I shall not call Gaddafi "mad". He clearly has some mental health issues, however, and he is a terrifying human being, but he is not stupid. This weekend, he announced on television:

"We promise you a long drawn-out war with no limits".

He knows that a long war would suit him. We must consider the consequences if the no-fly zone fails. We must also consider the consequences if our own air attacks kill Libyan civilians. Importantly, we must consider the consequences of the Arab League withdrawing its support. It is already wobbling, and if it does not fully support our actions, the consequences could be devastating.

Most importantly of all, we must have an idea of what success looks like. On the "Today" programme this morning, the Foreign Secretary said:

"I think we will know a ceasefire when we see it".

I do not envy him his job, but those words did not fill me with complete confidence that we know what we are doing. Unless we have a clear idea of all the possible consequences of our actions, including the possibility that what we are doing might make things worse for Libyan civilians, we as a country and as part of the international community will open ourselves up to the accusation that we are acting in order to be seen to be doing something, rather than doing the right thing to protect Libyan civilians.

I will vote for the motion tonight because I see it as a vote of support for Libyan civilians and a vote of support for taking on our responsibility to protect them, but I will do it nervously. I wish the Government well, and I know that there will be very difficult times ahead, but we, the international community, are starting a war. We are doing it for the right reasons, but I do not think that we are clear enough about where it will end.

6.7 pm

Jo Swinson (East Dunbartonshire) (LD): Eight years ago, this House discussed intervention in Iraq. I was not a Member of Parliament at the time. Instead, I was marching on the streets of Glasgow to protest against that war, along with more than 1 million other people across the United Kingdom. I deeply regret not only the UK's role in Iraq but the legacy that it has left for UK foreign policy. As the hon. Member for Keighley (Kris Hopkins) so eloquently pointed out, it has undoubtedly made the role of our diplomats much harder in their negotiations with other countries around the world. It has undermined much of what they do. It has also, understandably, made the Government and the British public more sensitive about any UK military action, even when it has United Nations support.

Libya is no Iraq, however. The two are worlds apart. Not only is international action in this case legally justified, but I believe that it is morally right to act to protect Libyan civilians. The situation is very different. In Libya, people are demanding action and the regional neighbours support them. Indeed, the Arab League's request for help is highly significant.

Mr Burrowes: Does my hon. Friend agree that it is important not to pigeonhole the support from the Council of the League of Arab States? Its decision of 12 March called not only for a no-fly zone to be imposed, but for the establishment of

"safe areas in places exposed to shelling as a precautionary measure that allows the protection of the Libyan people and foreign nationals residing in the Libyan Arab Jamahiriya".

Does not that provide the important basis for United Nations resolution 1973 to take all necessary measures, including the bombardment, to protect civilians?

Jo Swinson: The hon. Gentleman is quite right, and the Arab League also made it clear that it did not want a foreign invasion force. It is important that that is explicitly outlined in UN Security Resolution 1973.

As has been discussed, a new principle has developed in the international community of the UN's responsibility to protect. That was not in place eight years ago, and would not have applied in any way to the situation in Iraq. It is hugely positive that the Security Council is prepared to take action under its responsibility to protect, to make it a meaningful concept, and not just warm words. Turning to the scope of the resolution, it is incredibly helpful that it is not just about a narrow no-fly zone, and represents the need to take all necessary measures to protect civilians and civilian-populated areas under threat of attack. Indeed, it explicitly excludes a foreign occupation force of any form on any part of Libyan territory.

This is the most serious type of decision that the House can ever be asked to make, and it is vital that we are well aware of the risks of the action, of which there are many, including the risks to our forces and those of

other countries when carrying out the action. We are taking action against Libya's air defences to try to minimise those risks, but they are always there. We, in the safety and security of the House, owe a huge amount to those troops whom we have asked to take action in the name of the United Kingdom and, indeed, of the United Nations, and we commend them for their bravery.

There may have been optimism in Libya as the news came through of the UN Security Council resolution, but a scenario in which Gaddafi concludes that the game is up, and the Libyan pro-democracy campaigners celebrate a smooth transition to a free society is just a welcome fantasy—it is hardly likely to be the outcome. Even if Gaddafi goes, the building of democracy will be far from easy and, as is more likely, if he does not do so, the endgame is not necessarily clear and we may end up with stalemate. There is a further risk, if there is not a swift conclusion or a clear path to a specific end point, that there will be increased pressure on the international coalition, and it will be difficult to hold the consensus together. Indeed, as has been pointed out, it is perhaps not as firm as it was initially.

There is the risk, too, that Gaddafi will use the implementation of the no-fly zone for propaganda, and will try to paint a picture of the west as imperialist and imposing something on the middle east. From the UK perspective, with our forces overstretched in Afghanistan, we may not be able to react easily with military might to developments that would require a further response. We need to have our eyes open when considering how we will vote on the motion.

Not acting is not a neutral position, as there are huge risks in inaction, too, not least the bloodbath in Benghazi. Indeed, in Gaddafi's own words, we have heard exactly what would happen. He said that he would show no mercy, and that he would track the fighters down

"and search for them, alley by alley, road by road",

and house by house. In making that broadcast on Libyan media, he made it clear that his aim was to terrorise his own people and make them cower in submission. As I said last week in Prime Minister's questions, we must consider the risk of the message that we would send other oppressive regimes around the world—that they could do whatever they liked, and that under no circumstances would the international community act. In what other circumstances would we act? In this situation, there is regional consensus, there is public demand for action, and there is a clear legal position. If we did not act in this circumstance, in what circumstance would we act?

What about the message to other oppressed populations? We have seen the uprisings in Tunisia and Egypt, and now in Libya, and I am sure people are watching around the world. If we did not act, we would send the message that if populations asserted themselves and demanded their rights, asking the international community for help when peaceful protest was met with murder, their request for help would fall on deaf ears and a lack of international response. What hope in that circumstance could any population have? We would run the risk, if we did not act, of turning Libya into an isolated pariah state, where Gaddafi would have nothing to lose, and would be even more dangerous than before, like a wounded animal. We would run the risk, a few months from now, that we would repeat the collective hand wringing by the international community that we saw after the massacres in Rwanda.

It is not an easy decision for the House to make, and it is not something that we should do lightly. Indeed, it is one of the gravest decisions that we will ever be asked to take as Members of Parliament. It is absolutely right that we scrutinise the detail, but I believe that the House will come to the right conclusion. Action to protect Libyan civilians struggling for democracy is internationally supported, legally justified and morally right.

6.15 pm

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): I am speaking on behalf of my own party and of the Scottish National party. Unlike the right hon. Member for Lagan Valley (Mr Donaldson), I have been known in the past for not supporting military action. The Government have taken the right course of action in seeking a mandate from the United Nations. They have secured that mandate, and what is happening is within that mandate, and therefore lawful. I am quite comfortable with that aspect of things, and I acknowledge that a lot of hard work has been done by the Foreign Secretary and the Prime Minister.

It would be easy to say that it would have been better to hold a debate before taking action, but it was worth taking that action to avoid the slaughter of tens of thousands of people in Benghazi, so I have no problems with that either. Resolution 1973 authorises action to enforce the no-fly zone which, as we heard, is operational, so I take it that there will be a scaling back of aerial bombing by the allied forces for the time being unless and until it is necessary. If, for example, tanks move in against Benghazi, that is a different matter altogether. I am pleased that the no-fly zone is in place and, thus far, it appears to be working.

I would, however, pose the following questions about resolution 1973. Does full compliance with it inevitably require the removal of Colonel Gaddafi? If not, will the Government be satisfied with his remaining in power in some parts of Libya in future? We are concerned that the wording of the resolution, which appears to be quite clear, may become clouded, and we are concerned that the whole matter could be a smokescreen or shorthand for regime change, which would be unlawful under international law, but which became the main war aim of Messrs Blair and Bush, even publicly midway through the Iraq conflict.

This is a different scenario. No one wants to see a long, drawn-out engagement in Libya, so we need to hear from Ministers that there will not be mission creep, and that we are not sliding into another awful Iraq-style scenario. What are the Government's war aims? When will they be able to say that the job is done? How and when will we know that? I appreciate the fact that the Prime Minister will keep us updated, but we are concerned that the resolution might be deliberately interpreted to meet the aims of western allies, rather than being used for purely humanitarian aims. Questions have already been asked about the consistency of messages from the UK. Sir David Richards, the Chief of the Defence Staff, said that Gaddafi is not a target, and that targeting him would be outside the remit of resolution 1973 and therefore unlawful. However, that directly contradicts what the Defence Secretary said at the weekend, so we need clarity.

What efforts have been made to marshal the humanitarian aid and assistance that will be required as

[Mr Elfyn Llwyd]

soon as the conflict subsides. One of the awful lessons of Iraq was the absence of forward planning on humanitarian aid and reconstruction, so I should like to press the Foreign Secretary on that. Will the Government confirm that full diplomatic efforts are being made in parallel with any other action, as that is vital? The Arab League has reconsidered its position after its statement a day or two ago in which it opined that the action taken was beyond the remit of resolution 1973. Given its reiteration of support today, it is vital that Arab League countries are at the forefront of these actions and decisions—*[Interruption.]* No, they are not, which is why I am making the point. If they are not, Gaddafi will claim a propaganda coup, and allege that the allied western powers are in it for their own gain once more.

Mr Allen: Is not the right hon. Gentleman deeply concerned that in this exercise western forces are deployed in Libya, yet other than a promise from Qatar, not a single Arab state is deploying troops on the ground, in the air or on the sea to support that action? Does that not lead him to have very deep concerns about the position that he has just expressed?

Mr Llwyd: The hon. Gentleman makes my point. I am trying to be fairly succinct as we have only a few minutes, but he is right. That is of great concern. One hopes the Arab League will shortly convert its support into something more tangible; otherwise it will be a propaganda coup for Gaddafi and his type. That is a vital point.

I hope that shortly we will be there merely as peacemakers. I do not want to see Colonel Gaddafi in any form of control, but if he is to be removed, it must be by his own people, not by western firepower and intervention. The Arab spring has so far shown peaceful success in Tunisia and Egypt. Egypt's new constitution received 77% support yesterday. However, other protests in Bahrain and Yemen have met with significant violence, including Saudi troops breaching Bahrain's sovereignty. I share the concerns of my hon. Friend the Member for Brighton, Pavilion (Caroline Lucas), who made the point about arms sales, but I dare say that is a debate for another day.

Suffice it to say that within the strict remit of the resolution, we in Plaid Cymru and our friends in the Scottish National party are prepared to stand by and support today's motion. We hope there will be no mission creep and no striding beyond the strict wording of the resolution. I echo what has been said by others: it is not an easy task. It will be difficult for the Prime Minister and the Government, but in that task I wish him and the Government well.

6.22 pm

Dr Phillip Lee (Bracknell) (Con): I begin by congratulating Members on their contributions, in particular my hon. Friend the Member for Keighley (Kris Hopkins), who made a wonderful contribution, and my hon. Friend the Member for Penrith and The Border (Rory Stewart), who offered a characteristically informed contribution on the present situation in Libya.

I will support the motion this evening for humanitarian reasons. We have already seen the benefit of the action that has been taken on the ground in Benghazi. For that reason alone, I will support the motion. I congratulate the Prime Minister, the Foreign Secretary and everyone involved in securing United Nations support for this action. In the light of Iraq and other events, it is important that there is wide support throughout the Arab world and the wider world.

I would like to step back from talking about Libya and ask what our foreign policy should be. It strikes me that the men on the Front Bench who carry the burdens of the offices of state are in power at a time when foreign policy in the middle east, as dictated by previous Foreign Secretaries and previous officials at the Foreign Office, is crumbling. It was a foreign policy based on the realpolitik that we needed the gas, we needed the oil, and we needed to deal with whoever was in power. We could forget the masses because they did not know what was going on. However, because of the creation of something called the internet—ironically, by the free west—the people on the Arab street, as we keep referring to them, know exactly what is going on. They can see it. That is why the movement has spread from Tunisia to Egypt to Libya to Yemen and now, I fear, also to Syria. Foreign policy needs to be rethought in the light of the fact that people now know what is going on. We cannot afford to be inconsistent or incoherent.

Our approach to Libya is dictated somewhat by what we think we are about as a country. We have a permanent seat on the Security Council, which gives us power, but it also gives us quite a heavy responsibility. We are a free nation. That raises the question of whether we should try to support others who want to be free. I realise the reality of our situation with regard to Bahrain and Saudi Arabia. We are oil-dependent; we are still fossil fuel-dependent in this country. In 1973, after the Yom Kippur war, how did we respond to the subsequent energy crisis? We started digging for stuff in the North sea. How did the French respond? They started building nuclear power stations.

I wonder whether our response should be more than a response to the humanitarian crisis that could have ensued in Libya. Perhaps we ought to ask what our energy policy should be in future so that we do not feel uncomfortable about sanctioning the present intervention in Libya, which I fully support, but possibly not sanctioning intervention in Syria or the wider Arabian peninsula. We are somewhat compromised, are we not, by our dependence on the black gold. Perhaps we should not be. In view of the fact that the technology exists for us not to be so dependent, the sooner we are not, the better.

In closing, I want to share with the House a short anecdote. I was in Syria two or three weeks ago as part of a delegation. I went to the British Council and met some students who had had the opportunity provided by the British Council to learn English. My colleagues and I asked a series of questions about Egypt and Libya. Initially cautious, the students began to open up. At the end of the meeting, one of the students said, in answer to how he viewed the British Council, "It is my bubble of oxygen. It is my opportunity to express myself." That stays with me. It is why I am happy to support the motion. But if we are to be consistent and coherent and to have the respect of the middle east, we need to start looking at our dependence upon oil and gas. Unless we do so, we will be having these debates over and over again.

6.28 pm

Katy Clark (North Ayrshire and Arran) (Lab): It is a pleasure to follow the hon. Member for Bracknell (Dr Lee), who correctly highlighted the importance of energy policy to all the issues that we are discussing.

I welcome the fact that debate is taking place today and that there is to be a vote. The traditions of the House have often meant that there have not been parliamentary votes on such matters. I would have preferred a vote to have taken place before troops were deployed, even if it meant the House convening on a Saturday. We need to consider that for the future. However, it is clear that there will be a full debate today, and there was a statement on Friday, when many aspects of the issue were discussed.

I have found the issues very difficult. I am disappointed that the amendment tabled by my hon. Friend the Member for Islington North (Jeremy Corbyn) was not selected, as it highlights some of the matters that concern me. Yet again, arms that have been supplied by British companies are being used against people internally by tyrants, and weapons that British companies have sold to Libya will probably be used against our own troops. We need to review that again and look at our policy on the arms trade.

The Arab world is going through revolutionary change, with uprisings in country after country, and we must look at the issue in that context. I of course support all those struggling for democracy and against tyrants and have always been appalled by the actions of Gaddafi. I fully understand the unwillingness to stand aside while the innocent are being slaughtered and so have every sympathy with those who feel that we must intervene. However, I have concerns about what we will actually be supporting the Government to do if we vote in favour of the motion. That is partly because the conflict is taking place in north Africa and previous interventions in that part of the world, including the middle east, have been very difficult for the west and inspired huge amounts of hatred towards it. The debate might be quite different if the conflict was taking place in a different part of the world.

I am also concerned because I genuinely fear that we might be entering what could be a long war. The wording of the UN resolution is very wide, and the reference to "all necessary measures" in some ways gives a blank cheque to the powers taking action. In other ways, however, it probably does not give those taking action the ability to do what they really need to do in Libya. We could easily end up being involved in a very long conflict but with Gaddafi remaining in power.

Although I find the issue difficult and think that there are many potential difficulties, as has been highlighted by colleagues on both sides of the House, I think that the key to the decisions we take over the coming period must be our relationships not only with Arab states, but with Arab peoples. Like many colleagues, I am particularly interested in what the Muslim and Arab communities in this country are saying at the moment and what Arab states and peoples will be saying over the coming period. In my short contribution, I wish to encourage Members on the Treasury Bench to listen to the messages coming from the middle east and north Africa, which should be taken on board when key strategic decisions are made.

I have deep concerns about this action and particularly about how long this war might last. We must look at it in the context of the war on terror. My fear is that if we continue with military action, particularly if it is conducted over an extended period by western powers, we might be giving ammunition to the fundamentalists in the middle east and the Arab world whose values are very different from those held by us in this House.

Daniel Kawczynski: Immediately after the 1986 bombing of Tripoli there were an estimated 12 coups against Colonel Gaddafi. He is deeply despised by the Libyan armed forces. Does the hon. Lady not share my confidence that, given an equal footing and western intervention, he will soon be toppled by his own people?

Katy Clark: I welcome the hon. Gentleman's contribution and very much hope that he is correct. We must be very alert to the extent to which what we are seeing in Libya is a genuine uprising by all the people or a civil war. When we look at what has happened in Iraq in particular, and also in Afghanistan, we will see that many in the west do not understand the tribal loyalties, but we must be very alert to them.

I have deep concerns about what is happening and very much hope, as the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) has indicated, that it will lead quickly to the overthrow of Gaddafi. Like many people in this country, I am concerned that that might not be straightforward, because previous conflicts have not been. There will be serious political and financial implications if the House decides to endorse the Government's motion. Domestically, we are seeing huge cuts in public spending, including spending on military equipment. We need to think carefully about the extent to which our constituents will feel that a long and expensive war, which follows on from previous conflicts, is something that they will support Parliament in pursuing. It is important that we take all those factors into account. I welcome the fact that this debate is taking place and that the Government are putting resources into looking at what is happening in the region, but I have concerns that, even if those taking the decisions do so with the best intentions, there might be consequences that we will live to regret.

6.36 pm

Mark Lancaster (Milton Keynes North) (Con): It is a pleasure to contribute to this debate. I have yet to meet a soldier who has been to war who would rush to another one. It is difficult to experience the horrors of war first hand and ever be the same again. Having been to three on behalf of the previous Government, I am a firm believer that jaw-jaw is better than war-war, but I accept that the time for jaw-jaw sometimes comes to an end and we must act.

I join other Members in commending the Prime Minister for his speedy action to ensure that we have the United Nations resolution, but I am slightly concerned that there are many who breathe a sigh of relief and believe that, because we have the resolution and find ourselves in a very different position from that which the House was in when debating Iraq, Kosovo and Bosnia, somehow that is all we need to secure a successful resolution in Libya. I fear that it is not.

One of the best pieces of advice I was ever given was never to go into a room without knowing where the exit

[Mark Lancaster]

is. I fear that we have no clear exit at the moment in Libya. That is understandable; anyone who stood up in this House with a clear idea of exactly how we will exit the situation would be at best naive. That is no reason not to go into the room, but I fear that we will need further UN resolutions before we see the end to the situation. To be honest, I think that what we have before us will probably at best get us to a stalemate. We will achieve much by preventing conflict and unnecessary deaths in Libya, and the House should be proud of this country's contribution to securing the resolution, but it will not be enough. I would like the Government to continue to play their part in ensuring that we have the grounds on which we can ultimately get the appropriate resolution in the United Nations to secure that exit strategy. It is absolutely clear that we must have greater involvement from Arab nations, because without that we will lack the general support required. I know that the Prime Minister will continue to do his bit to ensure that that is the case.

We often talk about learning lessons from the past. It is of course easy to point to the Iraq conflict and say that one of the biggest mistakes we made was to have no great plan for reconstruction and stabilisation—I must declare an interest as a member of the military stabilisation and support group within our armed forces—but the problem we face now is very different from that which we faced in Iraq, because in Iraq we were able to deploy boots on the ground to assist that stabilisation. We cannot currently do that under the United Nations resolution. We can learn the lessons from the past, from Iraq, and say that we need to have greater reconstruction, but how are we going to deliver that on the ground in Libya?

The cross-departmental stabilisation unit, which the previous Government set up, involving the Department for International Development, the Foreign and Commonwealth Office and the Ministry of Defence, is fabulous but under-utilised. Rather like three strands of a rope, it does come together and the effect that the three Departments produce by working together is much greater, but I believe very strongly that the unit must plan now, working concurrently with existing military operations, to ensure that we have in place such reconstruction and stabilisation. Otherwise, the window of opportunity that we missed in Iraq could well be missed in Libya.

I also seek from the Foreign Secretary, when he winds up the debate, reassurances that we are working very closely with the United Nations to ensure that any work the Government can do after this period of military action, to help to reconstruct and stabilise Libya, is done under the United Nations umbrella. It cannot be delivered solely by Western powers; otherwise I fear that we will lose the consent we have, as we did in the past with Iraq.

Looking forward, I am delighted that we are where we are today. We have secured the UN resolution, with much thanks to the efforts of the Prime Minister, but we must not take our eye off the ball. We must look beyond our current operations to ensure that we have in place the bedrock on which we can deliver, far more effectively than we have in the past, the reconstruction and stabilisation of Libya after the event.

6.41 pm

Mr David Winnick (Walsall North) (Lab): I wish we could have had this debate before military action had been taken. I referred to that on a point of order and do not want to dwell on it because time is very short, but we must establish that, when military action is going to be taken, the House of Commons should debate the issue first. There is no doubt what the result of any vote tonight will be, and there would have been no difference if one had taken place on Saturday, but it would have been better if the House had so decided.

Richard Drax (South Dorset) (Con): Will the hon. Gentleman confirm that, if we had delayed such action any longer, which he wanted to do so that we could debate it in the House, people would have died?

Mr Winnick: The action started late on Saturday. We could have met on Saturday; we have done so on previous occasions. I have been present at Saturday sittings, and in my view that could have taken place, if not on Friday itself.

In view of the Security Council resolution, there is no doubt about the legality of the military operation. The Security Council has clearly carried the resolution, and the issue is not about whether the action is legal, because it clearly must be so, but about judgment and whether such intervention is justified. Much has been made of the Arab League and so on; incidentally, I do not know how many, if any, Arab League countries could be considered democracies. Be that as it may, I accept that none of them is quite in the same category as Gaddafi's Libya.

Interestingly, the secretary-general of the league, just two days after the heavy bombing, is reported to have said that

"what we want is the protection of the civilians and not a bombardment of more civilians."

If he is saying that at this particular stage, what is he going to say in the following days if the bombing continues? Undoubtedly, there will be civilian casualties, and yes, Gaddafi will make much of it, make propaganda—one would not expect otherwise. But one does not need to be a military expert to accept that one cannot carry out such military operations without civilian casualties. So while we talk about protecting the people and the reason—the justification—for the operation, we have to recognise that many innocent people are going to be killed or slaughtered, whatever word we use, because the situation cannot be otherwise.

We have spoken and debated from a western point of view, but I ask the House to look at the situation from the Arab point of view—not that of the Arab League, or the Arab rulers, but that of the ordinary people in Arab countries. They want a decent life; that is why the protests grew out of the suicide in Tunisia. Of course they want a decent life; that is one reason why there is such an influx of, and motivation for, immigration. We want a decent life, so do our constituents and so do the people in countries of acute poverty and deprivation. Human beings are the same the whole world over.

Let us look at the situation from the Arab point of view. In Yemen, the regime slaughtered 45 people last week. They were protesting. In Bahrain and Saudi Arabia there is repression, and of course Saudi Arabia

actually took military action to intervene in Bahrain. Has anyone suggested that we should intervene against Saudi Arabia? Of course not. Even if repression grew in Saudi Arabia itself, or in Bahrain, one thing would be absolutely certain: the British Government would not draft a resolution with the United States to put before the Security Council of the United Nations. We know that.

It is interesting that every time we go to intervene somewhere there is a reference to the occupied territories: "We are going to do what we can for the Palestinians." Yet the position of the Palestinians remains the same: more than 40 years of occupation, humiliating conditions, the wall, the deprivation of liberty, and the rest. Has there been any change as far as the Israeli occupation of the occupied territories goes? Not at all, but Prime Ministers—not just this one—always refer to it. I do not doubt their sincerity, but it is interesting as far as the occupied territories and the United States' support for this current military action are concerned.

Only a few weeks ago, a resolution—

The Prime Minister: Will the hon. Gentleman give way?

Mr Winnick: Yes, indeed.

Only a few weeks ago, a resolution passed by the United Nations, including the British Government, was vetoed by the United States. A moderate resolution, protesting against the illegal settlements, was vetoed.

The Prime Minister: Will the hon. Gentleman give way?

Mr Winnick: Of course. The Prime Minister.

The Prime Minister: I am very grateful to the hon. Gentleman, whose speech I am listening to very carefully. He asks us to see the situation from an Arab point of view, but does he accept something that was put very forcefully to me at a public meeting in Qatar; namely, "You intervened in Iraq because it was about your security. Don't you see that in Libya this is about our aspiration, our democracy, our freedom? Isn't it time that actually you paid some attention to those things?"? Was not that the Arab street speaking, and not just Arab Governments? Is not that something we should listen to?

Mr Winnick: Yes. I take the point the Prime Minister makes, but at the same time what about the lack of freedom—the repression—in the other countries that I have mentioned? It is not just Libya. Yes, I concede the point—I have said so—that Gaddafi's regime is so tyrannical, so bloody against its own people, and there was the arming of the IRA, Lockerbie and the rest of it. Gaddafi was up to his neck in Lockerbie, as well as in the murder of Yvonne Fletcher. I have no illusions on that score; all I am saying is that, from the Arab point of view, they do not quite see the situation as we and, to some extent, I do as a citizen of the United Kingdom.

I have many reservations. I must confess that I am debating with myself. I do not often do so, but I do not see any reason why I should not. *[Interruption.]* I do not recommend it. I may be somewhat introverted as a personality, but I do not recommend debating with oneself. The debate I am having is whether I should vote against the motion, because I cannot vote with the Government. I will make up my mind, not because it is the Government's motion but because of the reservations I have expressed. Having expressed those reservations, it would be somewhat hypocritical of me to vote for the motion, if there is a vote tonight—there may not be. If there is a vote, I am debating whether I should abstain or vote against the motion, and I will make up my mind.

I simply say this in conclusion: the action has been taken and we are in, but I hope it is going to be very short. Reference was made to mission creep. I hope we are not going to get involved in the same way as we did in Iraq and in Afghanistan. We are out of Iraq, most people want to see the end of British military involvement in Afghanistan and they certainly do not want a new, long war. That is why I hope so very much that it will be very short indeed. The sooner it ends, the better, because I do not believe, at the end of the day, that it is in the interests of Libya or the United Kingdom.

6.49 pm

Dan Byles (North Warwickshire) (Con): I join other hon. Members in sending my thoughts and prayers to our servicemen and women who are in operations over Libya and those who will be shortly, and of course, to their families.

As a former soldier, I believe that British soldiers, sailors and airmen should be committed to military action only reluctantly and as a last resort—a point that was eloquently highlighted by my hon. Friend the Member for Keighley (Kris Hopkins) in a very moving speech. When they are so committed, that cannot happen in a half-hearted way. They must have the resources—and, perhaps equally importantly, a mandate and a set of rules of engagement—to allow them to do robustly and properly the job they are asked to do.

I believe that the House is broadly united, with the possible exception of the hon. Member for Walsall North (Mr Winnick), in believing that in the case of Libya, events had reached a stage where committing our military to enforcing the UN resolution is absolutely the right thing to do. Let us not forget where we were on Thursday afternoon. The momentum was with Gaddafi's forces, who were advancing on Benghazi, and there was every indication that the city would fall in a matter of hours. Time was pressing. The right hon. and learned Member for North East Fife (Sir Menzies Campbell) has already read to the House the chilling words that Gaddafi himself read out over the radio about what might happen if the city did fall. Uncharacteristically, the United Nations Security Council not only passed a resolution swiftly but passed a robust one, and that robustness is very welcome. I congratulate the Prime Minister and the Foreign Secretary on the role that they played in securing that very important resolution.

It is vital that we ensure, at every stage of this operation, that we operate at all times within the legality of that UN mandate, and that we retain the broad support of the wider region. Like my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind), I was concerned by the reports over the weekend that Amr Moussa, the secretary-general of the Arab League, had expressed some concerns about the UN mandate. Thankfully, he has now clarified his position, and the Arab League is firmly behind the action that is taking place. I am not surprised about that, given that its early call for international action was perhaps a key

[Dan Byles]

moment in allowing the UN to go forward with the mandate. However, this reflects the delicacy of the situation and the urgent need to include a broader alliance of regional forces in the operation that is taking place.

Like the right hon. Member for Coventry North East (Mr Ainsworth), who is not in his place at the moment, I was pleased to hear of the imminent involvement of Qatari assets. I believe that such involvement is essential for the wider legitimacy of the operation, but it demonstrates the need for continuing diplomacy alongside military action and the need for us to be nimble and fleet of foot regarding the diplomatic situation—the shifting sands on which we will be operating. We should not be afraid to pause or freeze military action, if necessary, should we lose the support of the wider region. We must not tip over from doing what we were invited to do into being seen to impose on the region our view of what the solution should be. If that happens, we should maintain our grip very firmly on the big stick while walking a little more softly until we can rebuild the regional coalition.

The right hon. Member for Coventry North East expressed his deep concern following the lessons from Iraq, and he was right to do so. However, the spectre of Iraq should not prevent us from doing what we believe is right and is ultimately in our national interests, as the Prime Minister made clear, provided that we maintain the legal legitimacy and broad regional support. My hon. Friend the Member for Milton Keynes North (Mark Lancaster) is absolutely right when he says that this is just the start of the process and that we do not yet know how it will finish, but if we are to stay the course, we must ensure that we stay within the legal framework and maintain the regional support for what we are doing.

It is with some regret that I will be voting for the motion, because committing military forces to action anywhere in the world is regrettable. It will lead to dead soldiers, if not British, then Libyan; we must not forget that whichever side wins, there are casualties on the other side. I trust, however, that the majority of hon. Members will also vote for the motion, because we need to send a clear message tonight that we are united in this—that we as a House support the United Nations resolution, recognise that this action is both legitimate and necessary, and support our servicemen and women in the difficult and dangerous tasks that lie ahead.

6.55 pm

Mrs Madeleine Moon (Bridgend) (Lab): I start, as have many others, by thanking the RAF ground crew and pilots and Royal Navy personnel who have seen action in Libya so far. In particular, I draw attention to the RAF crew who pulled back because of their concerns about potential civilian casualties. It is important that we recognise the professionalism of the RAF crews and naval personnel who are engaged out there.

I have had some concerns about this operation regarding civilians, the lack of a clear endgame, and our capabilities, but I have also looked at the potential of this seminal moment. There is a wind of unrest across the middle east. Elsewhere, we have had rose revolutions and orange revolutions, and now we seem to have a mobile phone revolution in which unrest across the middle east is generating a desire for change, openness, reform and greater freedom—a sharing of wealth and opportunity. It is important that we recognise and embrace this moment to take the opportunity of a new relationship with the Arab world. By backing the UN resolution and the no-fly zone, Arab leaders have shown a willingness to stand up and be counted, and to draw their own proverbial line in the sand. We must recognise that there will be a need for clear rules of engagement for all the participants in this endeavour—rules that everyone, including members of the Arab League, will have to sign up to.

The Chairman of the Defence Committee, of which I am a member, raised a valid point about the need to clarify all the circumstances. For example, what do we do if the rebels attack Gaddafi's troops and he retaliates? Do we attack Gaddafi? That has not been made clear, and this House needs to know. We need to know who is going to take command and control responsibilities, which the US has indicated that it wants to pass on to NATO. Turkey is a member of NATO, and it is concerned about that. What is the Arab League's role in embracing command and control responsibilities? Where do the enforcement of sanctions, the closing down of Gaddafi's means of communications and the sharing of intelligence sit in our rules of engagement and our command and control agreements? The big task is going to be one of foreign policy and diplomacy. The Arab League's continued engagement and movement into partnership with the west will not be easy to maintain, and it has to be one of our priorities. There will be tribal tensions between Shi'a and Sunni.

We have all heard the comments about Amr Moussa and civilian deaths. We must be up-front and acknowledge that civilians will die. A recent report by Save the Children stated that 90% of casualties in war zones are civilians. In the past decade, 2 million children have died, and 6 million have been permanently disabled, directly as a result of conflict. Our rules of engagement attempt to minimise such deaths, but the deaths will happen, and the allies must acknowledge that. We need to ensure that the International Committee of the Red Cross and all UN bodies have access to the war zone to monitor the situation so that we can have clear, neutral and impartial reporting.

It is not clear to me that we have an endgame. We know that there cannot be a foreign occupation force, but there is no clear indication of whether regime change is an objective. The strategic defence and security review states that we will deploy forces on the basis of a number of tests, including whether it is in our national interests. One of the tests is whether we have a "viable exit strategy". No one today has clarified that exit strategy.

It has been suggested that we should not mention the SDSR. However, over the weekend, I have received many phone calls from members of the armed forces who feel angry. They feel that there has been talk of cuts and of loss of platform. That platform is now being brought into use. There is a concern that we must be up-front and acknowledge that we need our armed forces to take this matter forward for us. We in this House can agree to that, but it is our armed forces who are putting their lives on the line on behalf of the Libyan people and the people whom this House represents.

7.1 pm

Geoffrey Clifton-Brown (The Cotswolds) (Con): The more serious the situation, the better this House responds. That has been proved by some very fine speeches today. I wholeheartedly congratulate the Prime Minister, the Foreign Secretary and their respective teams on their incredibly hard work over the past seven days. Many people were sceptical about the possibility of the UN agreeing to a no-fly zone. That agreement is therefore a great tribute to the diplomatic effort. The reasons for military intervention are clear and have been well rehearsed by Members from all parts of the House. I fully support the motion. I pay tribute to our armed forces for what they have achieved in such a short time.

I will turn to the future of Libya. On the BBC World Service earlier today, Rear-Admiral Chris Parry said:

> "We really do have to get to grips with what happens afterwards. If we don't, the military campaign will lose momentum, it will lack coherence and we'll lose broader political support within the Islamic world."

The pre-emptive action to establish a no-fly zone is almost complete. Colonel Gaddafi's forces may well be starved of the necessary support and halted short of rebel strongholds. However, an impasse could follow. We must have a clear and coherent plan for how Libya can get to the next stage; for how the Libyan people, if it is their wish, can overthrow the Gaddafi regime; and for what might follow in its wake.

Before the invasion of Iraq, I criticised the then Government in this House for the lack of a post-conflict reconstruction plan. That was one of the most important reasons for the insurgency and violence following the fall of Saddam Hussein's regime, and for the reconstruction of that country taking so long. It is vital that steps are taken now to ensure that that situation is not repeated in Libya.

Gaddafi still has significant capacity to defend himself and the so-called rebel force currently lacks the ability to overthrow him. It is unclear from UN resolution 1973 what more can be done in such a stalemate, as Members in all parts of the House have said. The resolution specifically excludes

> "a foreign occupation force of any form on any part of Libyan territory".

An amendment to that resolution or a new resolution that allowed occupying troops to be sent in would be unacceptable to this House and to this country. There is no appetite among the British public to be drawn into another potentially lengthy conflict. We have been in Afghanistan for almost 10 years and our armed forces, particularly the Army, need a break from conflict. Likewise, I do not think that arming the rebels would be wise. The west armed the mujaheddin in Afghanistan and Saddam Hussein during the Iran-Iraq war, and the consequences of those decisions are being felt to this day. When we arm one side, it is never quite clear where those arms will end up.

It is up to the people of Libya to push through a change of governance, but how they will do so remains unclear. I hope that the talk of a partition in Libya will be quashed at the earliest opportunity. To leave Gaddafi in the west and a new Government in the east would create far greater instability in the future, and would undoubtedly lead to further conflict.

Undoubtedly, the most important factor in planning for the future of Libya is support from its fellow Arab nations. The Arab League's endorsement of the no-fly zone was clearly pivotal in securing it. We now need more countries to participate in it. I hope that this is the beginning of a process in which the UK, US, France and others work closely with the Arab League and Arab countries to consider the future of Libya. In the near future, Libya will need more assistance from its regional friends and neighbours. They can play a positive and constructive role in rebuilding the infrastructure of Libya and in helping to form a new nation. Ultimately, all members of the coalition need to speak with one voice to show their decisiveness and resolve to see this matter through. That extends in particular to the European Union and its officials.

I hope that this moment will represent a sea change in the Arab world, as the Prime Minister rightly said, and particularly among those leaders who oppress their peoples. After Iraq and Afghanistan, it was perhaps thought that the west would no longer intervene in the middle east under any circumstances. This action has shown dictators and tyrants everywhere in the world that they need to think twice before brutalising their own people and committing war crimes.

I end with a quotation that has been used by the right hon. Member for Lagan Valley (Mr Donaldson), but which is apposite. As a former Member of this House, Edmund Burke, said to his electors in Bristol, all that is necessary for the triumph of evil is for good men to do nothing. It would be very wrong for us to do nothing in this case.

7.6 pm

Mr Michael Meacher (Oldham West and Royton) (Lab): It is clear that without UN resolution 1973, there would have been appalling blood-letting in Benghazi. It is also clear that this is not another Iraq, because there is legitimate UN authority for action and there will be no occupying army. It is highly significant that the support has been gained, at least up to now, of the 23 members of the Arab League.

Having said that, and recognising that action of this kind invariably involves high risks, there are several issues on which this House and the British people want assurances. First, although the UN resolution is unquestionably strong, it focuses on the protection of civilians, as the Prime Minister declared repeatedly today. However desirable the end of Gaddafi may be, regime change is explicitly not covered by resolution 1973, contrary to the unfortunate impression that the Defence Secretary has given in a number of interviews that I have heard. There is always a risk of mission creep in matters of this kind, but if we are to retain the support of the wide coalition that has been assembled, it is vital that we are seen to keep strictly to the terms of the resolution and that we do not seek to put interpretations on it that suit our convenience.

A second concern is over the planning for the outcome of the conflict, which certainly did not happen in Iraq. As has been said, there could be a quick collapse if the Libyan military turns against Gaddafi, or there could be a long stalemate if the regime not only declares a ceasefire but observes it and holds on to what it retains in western and southern Libya. In either case, it is

[Mr Michael Meacher]

unclear at the moment—I wonder whether it is clear to the Government—how any intended outcome will be achieved. If Gaddafi is deposed or killed, given the strong tribal structure in Libya, what is to prevent the country from descending into civil war? How will law and order be imposed in such circumstances, particularly if the Libyan military retains its loyalty to the old regime—as some of it will—and refuses to do a deal with the rebels?

On the other hand, if Gaddafi is forced to end hostilities by the overwhelming force of allied air power, which is very likely, and opts to stay put in western Libya, what then? Will the words "all necessary measures" allow us to sidestep the arms embargo and channel arms to the rebels to enable them to carry on the fight, as the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) suggested earlier? The Prime Minister said on Friday that the resolution's

"very strong language...allows states to take a number of military steps to protect people and harm those who are intending to damage civilians."—[*Official Report*, 18 March 2011; Vol. 525, c. 623.]

But that cannot possibly justify arming one side when the other is observing a ceasefire. Equally, using superior allied air power to knock out Libyan army strongpoints if the rebels were to advance on Tripoli would be way outside the essentially defensive context of the UN resolution. In those circumstances, how would the stalemate be broken?

The third problem, which others have mentioned, is that of maintaining the all-important support of the Arab League, and not only during the initial ferocity of the allied onslaught.

Geraint Davies (Swansea West) (Lab/Co-op): Would my right hon. Friend be sympathetic in theory to the idea of a future UN resolution giving authority to an Arab-led UN force, spearheaded by the Egyptians and the Turks, as a peacekeeping transition force to solve some of the problems that he has mentioned after the first episodes have concluded?

Mr Meacher: There is nothing to stop those countries joining a coalition now, and I am not at all sure that it requires a further UN resolution. I have to say, I think such a result is unlikely.

The continued support of Amr Moussa, the secretary-general of the Arab League, is critical to the allied claim that this is not just another western war against a Muslim country in the Arab world, but rather action against a tyrant who has lost all regional backing and whose people are rising up against him. There are already ominous signs that Mr Moussa's support may be wobbling, on the ground that the Arab League saw the UN resolution as an essentially defensive concept. The Arab League must not only be continually consulted but actually listened to, and its needs and demands must be taken account of in allied action.

My last point concerns the precedent that is being set. Of course every case is different, but the western powers and the UN did not intervene when there were arguably much stronger cases for it in Rwanda, in the Shi'ite uprisings against Saddam in southern Iraq in 1991 or in the three-week war and extensive killing in Gaza. As many Members have asked, where will the new doctrine this time around lead?

The argument about selectivity and the application of moral principles has been widely voiced in the middle east. If protecting civilians against a dictator who is seeking bloodily to suppress demand for democratic reform is the prevailing policy, how can that doctrine not be applied to interventions in Bahrain, Yemen, Algeria or elsewhere? That question has been asked repeatedly, but it has not received an answer.

Those are all difficult questions, but I submit that it is better that they be faced up to now, before the initial jingoism—an unpleasant sensation that is being pushed in some of the media—perhaps gives way to dismay and disarray in the weeks and months ahead.

7.14 pm

Alun Cairns (Vale of Glamorgan) (Con): Like all Members, I am worried and concerned about activities in and surrounding Libya. I am worried about the disregard for basic human rights shown by the Libyan army and the Gaddafi regime, and concerned about the potential longer-term commitment that we may have embarked upon.

I pay tribute to the Prime Minister, the Secretary of State for Defence and the Foreign Secretary for their work and actions in securing and ensuring that the foundation on which the conflict has been drawn is very different from that on Iraq. It seems only a short time ago that many people were judging and criticising the so-called "loose talk" about the need for a no-fly zone. Some opponents even mocked the calls for one. Such judgments only show the risk of seeking to make short-term political points out of very difficult international situations, and I hope that Members of all parties will have learned a lesson from that.

Last Thursday night, the passing of UN Security Council Resolution 1973 changed the terms of the debate. The success in delivering the resolution is remarkable, particularly bearing in mind the statements and comments made by some allies beforehand. The support of the Arab League was critical, and the change of heart of the United States was essential in delivering the consequences of the resolution.

None the less, we need to recognise the concerns and doubts expressed by those who abstained, and the initial comments made by the Arab League subsequent to military action, which have since been clarified, because they indicate how things could develop. The resolution has secured the legality of the actions that have been taken, but their legitimacy and longer-term consequences depend on maintaining the broadest possible coalition.

The delay by the United States in clarifying its position was damaging, but diplomacy won it over. In spite of the abstentions of some nations, dialogues with those countries—Germany and India, and even Russia and China—need to be maintained. It is unlikely that they will ever U-turn on their positions, but as the Gaddafi regime resorts to the most inhumane tactics we can only hope to win their tolerance in private.

The reporting in the UK and elsewhere of the action that has been taken has taken many different tacks. There have been some spectacular pictures showing how effective military actions have been in removing anti-aircraft capabilities and military hardware from

the Gaddafi regime, and showing the positive impact that our forces have had. None the less, we should never be seduced by such stunning and incredible images. Our defence technology is impressive and astonishing, but judgments about using it must be taken in the context of the wider difficulties that it can bring in the longer term.

Not only must we maintain the legal case, but the moral, political and public cases should always be at the forefront of our mind. Colonel Gaddafi is a master of propaganda and of using it to motivate some of his civilians. Many Arab nations will be sympathetic to his calls. Outgunning Colonel Gaddafi by moral, political and public means in the Arab nations is as important as outgunning him by military means. The UN resolution means that we do not need to defend the political or legal case for our military action, as was required in the Iraq conflict, but we do need to maintain our case and win over doubters in the Arab nations. Many of those nations have significant military resources, and it is essential that they should be used to help us achieve the UN objectives.

Finally, I wish to reflect on 9 April 2003, the day when many of us were fooled by our own propaganda. It was the day when the statue of Saddam Hussein was torn down by the US forces and hundreds of Iraqis were seen hitting the structure with the soles of their shoes in celebration. They were described as "elated". That and similar images and reports led me, and I am sure many others, to believe that almost all the Iraqi people were relieved at our military intervention. History teaches us that such things are not always true.

The Government's actions to date have been exemplary, as has been noted widely by Members of all parties. It is up to all of us to ensure that they remain so, with the broadest possible coalition of support and the acknowledgment of the doubters.

7.19 pm

Jeremy Corbyn (Islington North) (Lab): I welcome the debate today. It is important that Parliament plays a key role in deciding whether this country is involved in wars. I endorse the points that my hon. Friend the Member for Nottingham North (Mr Allen) made in an intervention about war-making powers. The House has a right to ask the Government many questions about the enterprise on which we are embarked and where it will lead. We should not be fooled by newspapers telling us, in a gung-ho and frankly offensive way in the case of *The Sun* and the *News of the World*, that the public are behind this. I am far from convinced of that. The public are concerned about public expenditure and the money that has been spent on the armed forces for the enterprise, and they are very worried about where it leads because they have been through the miserable experience of Iraq and they also have deep concerns about Afghanistan. It is therefore appropriate in today's debate to have a serious discussion about where the action will lead.

An opinion poll in *Metro* this morning—I do not know how scientific that is—suggested that 58% of those questioned were against British involvement in Libya. Although I do not know how accurate that is, many people are very worried about the action. We must ask questions about the troops that we have committed through the Air Force. How long will they be there? What command structure are they currently under? That is far from clear. Several air forces are involved, and it is not clear who is co-ordinating them, who is in charge or who decides what targets to bomb at what stage. That is enormously worrying.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) asked several questions about cluster bombs and depleted uranium. Cluster bombs are illegal. Children are still dying in Iraq and Afghanistan because of the use of cluster bombs in the past. Depleted uranium was used in the Gulf war in 1991 and that has led to a high level of cancers in southern Iraq. I hope that no other forces are using depleted uranium weapons, because of the long-term effects.

What is the mission all about? Only three weeks ago, we were training Libyan forces and selling arms to Libya. British companies were happily trading with Libya and British universities were happily accepting vast sums of money from Libya until a few weeks ago. It is an awfully short time in our relations with Libya in which to go from hero to zero. The rest of the world may be concerned about that.

My hon. Friend the Member for Bolsover (Mr Skinner) intervened on the Prime Minister to ask about the endgame. One hopes that there will be an urgent ceasefire and some kind of political settlement in Libya, and that Libya's independence as a state will be preserved. However, there is another scenario: a client state in the east around Benghazi; and a pariah state in the west around Tripoli, led by Gaddafi, and a source of constant conflict, disturbance and danger in the region. That is eminently possible, with oil companies trying to get their hands on the huge resources that are there.

Mr Allen: Is my hon. Friend as concerned as I am about the composition of what is currently called "the rebel force", which is a catch-all for anti-Gaddafi forces? Many of us could support that as a concept, but is my hon. Friend a little worried that we could end up with something even worse than the current regime? Libya is not a repressed democracy. We have not spent the past 30 years building up a democratic base there. It will not be Nick and Dave who take over, but unknown people. We are not sure about the endgame and we should be careful what we wish for.

Jeremy Corbyn: My hon. Friend makes a valuable point. I do not know the politics, aims, ambitions or anything else of the people in Benghazi any more than I suspect he does. We should be cautious about going to war on behalf of a group of people whom we do not know or understand and of whose aims we are not aware. Many were Ministers in the Gaddafi Government, again, only three weeks ago. It is a very short time.

There is a danger that we do nothing about Bahrain because of close economic and military involvement, despite the US fifth fleet being there. There is a danger that we say nothing about Saudi Arabia because of the vast arms market there. The former Prime Minister, Tony Blair, felt that Saudi Arabia was so important that he stopped the Serious Fraud Office investigation into the al-Yamamah arms contract. In Yemen and Oman, people are dying. They thirst for exactly the same thing. I was at a conference this morning of Bahraini opposition groups who made strong points. They said that they were not campaigning about human rights in Bahrain yesterday, but last year, the year before, the year before

[Jeremy Corbyn]

that and so on. Indeed, I first met Bahraini opposition groups who were concerned about the overwhelming power of the king in 1986 at a UN human rights conference in Copenhagen.

Mr MacNeil: Does the hon. Gentleman believe that action in Libya now helps the case for action in the countries that he mentioned later?

Jeremy Corbyn: I do not believe that it does, because the economic interests in Saudi Arabia and Bahrain far outweigh any humanitarian concerns. I simply do not believe that it will happen.

However, we must use the opportunity to reassess our foreign policy, our arms sales policy and the way in which we get into bed with dictator after dictator around the world. We should also think for a moment about the message that goes out on the streets throughout north Africa and the middle east.

When Israeli planes bombed Gaza during Operation Cast Lead in 2008-09, I did not hear any calls for a no-fly zone over Gaza. F-16 jets pounded Palestinians, killing 1,500 civilians. We have to understand the bitterness of that period and the experience of the Palestinian people because many in the Palestinian diaspora, living out their lives in refugee camps in Jordan, Lebanon, Syria, Egypt—all over the region—want the right to return home. They see the double standards of the west: interested in supporting Israel at the expense of the Palestinian people; currently intervening in Libya but doing nothing to support the Palestinian people.

We are in an interesting period in history. There was an Arab revolution in the 1950s, supporting the principle of pan-Arab unity. Nasser was one of its leading figures. That degenerated into a series of fairly corrupt dictatorships that still run the Arab League. None feels very secure when they attend Arab League meetings. Indeed, they go home as quickly as possible afterwards, lest there be a coup.

We are seeing a popular revolution for accountable government, peace and democracy on the streets throughout the region. We have been on the wrong side in selling arms and supporting dictators. We have not thought through the implications of what we are doing now in Libya. I suspect that we might end up in a Libyan civil war for a long time and that this is not the only occasion on which we will debate the subject in the House. This is the easy bit; the hard part is yet to come.

7.28 pm

Stephen Gilbert (St Austell and Newquay) (LD): We clearly live in interesting times. It is a pleasure to follow the hon. Member for Islington North (Jeremy Corbyn), because I share his analysis.

From Morocco in west Africa to Bahrain in the Gulf, we are seeing people grasp for freedom—proud people, many of whom have lived for too long under a veil of oppression. They are willing to put their lives on the line for the simple rights that we in the House and in this country take for granted.

I believe that it is right that we as a country use our military capabilities to stand with those who seek freedom and reform in Libya. Our values demand our active support for people who will no longer tolerate a corrupt regime that keeps them in ignorance, poverty and conformity. In the long term, as my hon. Friend the Member for Penrith and The Border (Rory Stewart) pointed out, our national interest will be best served by standing with those who share our values and against those who seek to suppress self-determination.

Let us be clear. Gaddafi is a brutal dictator, who has systematically murdered his own people simply because they dared to dream of freedom from his oppressive tyranny. He has murdered children and women and men and boys. He has shown that he is unfit to govern, and he should go.

My thoughts are today with the men and women of our armed forces who are in harm's way. I pay tribute to their bravery. They are fighting for peoples whose courage and bravery in standing up unarmed against oppression is an inspiration to many across the region and the world. I have no direct experience of war. In that respect, my generation has been luckier than most. I have studied international politics and visited parts of the world that have been torn by conflict, and spent hours listening to people who have served their country. I know that there is no glamour in war. If the House forgets that for a single moment, it should reflect on the powerful contributions of my hon. Friends the Members for North Warwickshire (Dan Byles), for Milton Keynes North (Mark Lancaster) and for Keighley (Kris Hopkins).

Many in our community think that we should not get involved in other countries' problems, but Libya is different from Iraq. We could not have stood by and watched Benghazi, a city the size of Glasgow, be wrecked by Gaddafi's henchmen. Unlike Iraq, the UN is clear that action must be taken to protect civilians, and the international community has the backing of many Arab countries.

Mr Cash: Does the hon. Gentleman agree that people in Benghazi could still be massacred unless they are allowed to be armed? Resolution 1973 provides a means for that to happen through the committee on sanctions. Does he think that that should be used?

Stephen Gilbert: To some extent, I share the hon. Gentleman's analysis that resolution 1973 could institutionalise stalemate. Although our short-term actions are tactically successful, we need a clear strategic plan. The Government must address that, and I am sure the Defence Secretary heard the hon. Gentleman's ideas about one such avenue.

There is no such thing as a good war, but there could be such a thing as a just war. My grandfather fought Nazism in the very desert over which our planes are now flying, and he was right to do so. In standing up to this brutal warlord using our capabilities to protect civilians, we are doing the right thing today.

There are, however, lessons to learn. For too long, it has been common to assume that people in north Africa and the middle east live under dictatorships and repressive regimes because they in some way choose to do so. Over the last few months, we have seen the end of the myth of Arab exceptionalism and an unprecedented grasp for freedom by people who no longer want to live under tyranny and in fear.

This is not the end of regimes in Libya and elsewhere that cling to power without the consent of their people, but it is doubtless the beginning of the end for them. Thousands of brave souls have been prepared to stand up and to lose their lives for things that we take for granted, such as the right to speak our minds, to meet with whom we choose and to vote for a political party of our choice. It is therefore right to stand with those people in their struggle.

I join hon. Members who have said that we need a full review of our foreign policy in the region and beyond to ensure that we use all our capabilities to stand with those who want the right to choose their own Government. We cannot act everywhere, but we must no longer condone regimes that suppress their people or supply them with the tools and training to do so.

I urge Ministers to make it perfectly clear to Gaddafi and his commanders that we are watching them, and that we will prosecute them to the fullest extent under international law for any crimes and atrocities they commit. Clearly, the action on which we are embarked needs to create more than a stalemate on the ground, as one of my hon. Friends said earlier. The steps we have taken have led to tactical success, but our long-term strategy needs to be clear. We also need to look beyond that to a concerted international effort to deliver to the region the benefits of pluralism. After the second world war, the Marshall plan lifted Europe out of poverty. We now need similar for north Africa and the middle east. I welcome the prominence that my right hon. Friend the Prime Minister gave to that in his remarks.

There is no doubt that we place a burden on our armed forces, with their continuing obligations in Afghanistan and elsewhere. We ask a lot of them, but they always rise to the challenge. Clearly, they are doing a fantastic job in difficult circumstances, but it behoves the House to remember that their resources are not infinite. If we want them to take on more challenges, we need to ensure that they are correctly resourced. I therefore welcome the use of the NATO command structure, which is a tried and tested vehicle for the delivery of no-fly zones, but I would also welcome further clarity on the rules of engagement that will be employed. We need to give our forces the best chance of defending themselves and prosecuting the UN resolution.

As this Arab spring unfolds before us, it is vital that we put our shoulder to history and stand with those who want the most basic rights—the right to choose their own destinies and to live without fear. My hope is that in all they do, the Government will help and not hinder the flourishing of this Arab spring.

7.35 pm

John McDonnell (Hayes and Harlington) (Lab): I found it touching that the hon. Member for Keighley (Kris Hopkins) and others expressed trepidation about entering a debate when we are sending troops into battle. I have been in the House for 14 years now, and I have done that on four occasions. I can tell them that it gets no easier. The more I have experience of conflicts and the more I understand the human suffering involved, the more I am committed to peace and conflict resolution, and the more I oppose such military interventions.

There comes a time in all such conflicts when the collateral damage—a disgraceful term—is reported to us, and evidence comes to light of families and children who get killed and maimed as a result of being in the wrong place at the wrong time. When coffins draped in the Union flag come back, all hon. Members will ask, "Did we do enough to avoid the conflict? Did we do enough to ensure peace?" That is why my hon. Friend the Member for Islington North (Jeremy Corbyn) and I tabled an amendment today. I appreciate that it was not selected for debate, Mr Deputy Speaker, but because it has been referred to, I should like to refer to it as well.

The amendment sought to demonstrate that we are using every means possible—straining every sinew—to gain peace, and not, as the Prime Minister set out, just doing that before the conflict. Often, the most successful peace talks are those that take place when military action has already been undertaken.

Mike Gapes (Ilford South) (Lab/Co-op): My hon. Friend says that we should do everything we can to avoid conflict, but the conflict has already happened. The people of Benghazi are under attack, and the people of Tripoli are suffering from the Gaddafi regime's repression. In that sense, standing out of the conflict is also taking a position.

John McDonnell: I am saying that we should secure peace now that the conflict has started. I oppose Britain's involvement in the middle east because we have a century and a half of involvement—in pursuit of the region's mineral wealth—that is steeped in blood, murder and maiming. We do not have the credibility to intervene constructively.

Nevertheless, the conflict has started, and our role is to secure peace as quickly as possible. That is why the amendment seeks to secure peace through negotiations. Already, there have been offers of mediation, in particular through the ALBA group of Latin American nations. We should take that offer. The amendment also states—

Mr Deputy Speaker (Mr Nigel Evans): Order. Passing reference to the amendment is allowed, but we must not have a detailed debate on it.

John McDonnell: May I refer to those points to which the Prime Minister referred? He said that he would support the sentiments of the amendment, particularly in respect of ensuring that we keep civilians out of harm's way. When I asked him about depleted uranium, he assured me that we do not use it, but we have used it consistently over time, and it has caused all sorts of harm to people in the middle east. This country, along with France, objected to the international ban on the use of such weapons, but I hope that the Prime Minister's statement today means that we will now support the ban.

The Prime Minister said that he supports what we say about the need for a middle east conference. We need to engage to try to secure peace and stability and to promote democracy in the region. My view is that we need to do all we can to demonstrate our commitment to peace. The military action has already caused deaths. We do not know whether they are civilians, but the reports from Tripoli are that they are not dividing people from Gaddafi, but actually consolidating his support. The sight of the same countries that invaded Iraq killing Arabs again is of immense value to Gaddafi in his argument that this is another crusader invasion.

[John McDonnell]

We have heard already that the Arab League is falling apart, with different statements coming out in different languages to hide the dissent. The UN is also dividing, with Russia and China, as we speak, urging that military action cease. They are not abstaining, but are convening the Security Council to try to end the action. NATO itself is displaying divisions as well. We have also heard statements from Turkey refusing to take on a longer term role. I have to say that statements in the House and by Ministers are increasingly confusing about the objectives of the military action. The UN resolution does not refer to regime change, but ministerial statement after ministerial statement clearly lead to that conclusion. Although the resolution states that there will not be a troop invasion or occupation, we now know that there is the potential for special forces and boots on the ground. That is all playing into Gaddafi's hands by calling up images of a foreign invasion.

The charges of hypocrisy cannot go away. There is the lack of action in Yemen, Bahrain and Oman. I am talking not about physical action, which I would oppose anyway, but about the mealy-mouthed ministerial statements. There has been no threat to use the international courts against these killer regimes or to seize their assets, and there has been no threat even of diplomatic isolation. Neither has it helped that the images are still fresh in people's minds in the middle east of our Prime Minister's recent tour of the region to sell arms to these barbaric regimes. Finally, of course, my hon. Friend the Member for Islington North has mentioned the hypocrisy of refusing a no-fly zone when Gaza was invaded. We now face the prospect of a long-haul engagement in military action in Libya.

We risk being dragged into on-the-ground bloody combat, followed by a counter-insurgency struggle and then vulnerability to a lengthy terrorist campaign. It will all threaten the peace and stability of the region and have consequences for our own people and the global economy. That is why the message today from the Chamber should be that we seek peace, that we want to ensure the safety of civilians and that our concern is for the peace of the region and the promotion of democracy overall. I urge the Government to take up the offer of mediation from the ALBA countries. I urge the Chamber to send the message that we strive in every way possible to bring all parties together to seek peace. In that way, we might yet have the opportunity to restore some credibility to the role of this country in the middle east. I do not believe that that will be done as a result of the bombs and missiles now hurtling down on the Libyan people and causing death and destruction.

Mr Allen: On a point of order, Mr Deputy Speaker. Will you speak to Mr Speaker to ensure that the rights of the House are properly represented, so that in future, when a motion is put down by the Government, who are meant to be being held to account by the House, sufficient time is allowed for amendments to be organised and tabled by people in the House of a different view? We all have reservations. No one has spoken tonight and said that they are 100% certain about what we are doing. If we allow other voices and amendments, and if we allow colleagues to accumulate sufficient signatures, would it not be in order to have a debate with amendments that could be voted on and which could present a different point of view in the House from the choice we are presented with tonight?

Mr Deputy Speaker (Mr Nigel Evans): There was an amendment on the Order Paper, but it was not selected by Mr Speaker. However, the hon. Gentleman's comments will be made known to him.

7.44 pm

Dr Julian Lewis (New Forest East) (Con): If I am to follow the good example of those engaging in genuine debate, I should refer to previous comments made tonight. Two of the speeches that have been much praised so far—quite rightly, in my view—were those from the right hon. and learned Member for North East Fife (Sir Menzies Campbell) and my hon. Friend the Member for Penrith and The Border (Rory Stewart). They were praised not only because of their excellent delivery, but—one would like to think—substantially because of their comment and analysis. If I try to marry those two speeches, I come out with two propositions: intervention should be for humanitarian purposes only, and strict limits should be imposed on how we become militarily involved.

As will emerge as I develop my argument, I believe that the most likely result of such an approach—if it is what hon. Members want—would be not dissimilar to what was set out by the hon. Members for Islington North (Jeremy Corbyn) and for Hayes and Harlington (John McDonnell). That might surprise some hon. Members. I shall come back to that point in a moment, but I wish people to think about it a little. It is one thing to praise a speech about having limited objectives in a war, but it is quite another to proceed as if there will not be consequences of limiting those objectives in the way that we should rightly limit them.

In the early 1990s, when I was not in the House, I looked on in horror at what was happening in Bosnia, and I was particularly ashamed of the fact that our Foreign Secretary of the day, when asked why we would not go to the help of the moderate Bosnian Muslims and would not even allow them to have the weapons with which to defend themselves, replied that we did not wish to create a "level killing field". I thought that that was a disgraceful statement.

Mr Cash: Yes, disgraceful.

Dr Lewis: My hon. Friend agrees that it was disgraceful.

I looked on with horror and impotence while the world and Britain stood by. Then, partly for that reason, in 1998, during my first term in the House, I was one of just three Conservative Members—if I remember correctly, the others were the now Lord Cormack and the late Michael Colvin—who actually called for military intervention against Milosevic in relation to Kosovo a year before the intervention actually happened. I therefore have a track record of supporting humanitarian intervention. I say that because I have grave reservations about what we are doing now. I will—very reluctantly—support the motion in the Lobby tonight, but I want hon. Members to realise the consequences that are likely to follow.

In such a situation, we need to ask ourselves four questions: who should intervene, how should the intervention be carried out, who should pay for it and

what will be the result? Who should intervene? The answer is: those who are willing and strong enough to do so. How should it be done? Here we get to the nub of the matter. We can intervene in such a conflict by using what has been called air power but is actually the use of precision weapons from the sea and the air. We can intervene using such power only, which is what we say we are doing, or by introducing troops. If we confine ourselves to using precision weapons from sea platforms or the air, we should not expect Colonel Gaddafi to disappear.

The question of who should pay is terribly important. Throughout our years of opposition, we said that Labour Governments had let defence fall too far down our list of priorities. However, I have not noticed us proposing to increase the proportion of GDP we spend on defence. I note that my right hon. Friend the Secretary of State for Defence is here. I have asked the Foreign Secretary this question twice, and he has brushed me off twice. Will this campaign be paid for out of the existing core defence budget, or will it be met by additional funds from the Treasury reserve? We have to know.

Finally, what will be the outcome? It will be entirely dependent on whether ground troops get involved. We have ruled out ground troops. If the Arab League wishes to see Gaddafi removed, it may have to supply ground troops, but we will not do so. We are left with a situation in which we are making a limited intervention to stop people being massacred. However, let us not fool ourselves into thinking that this will result in the removal of Colonel Gaddafi. Unless there is a coup or ground troop involvement by Arab states, Colonel Gaddafi will probably survive. He will lose control of part of the area, and we will have a long-term commitment to look after the remainder of Libya. For that, payment must be found.

7.50 pm

Mike Gapes (Ilford South) (Lab/Co-op): I am glad to follow the hon. Member for New Forest East (Dr Lewis), because he gave what I thought was his version of Tony Blair's Chicago speech of 1999. Where Tony Blair had five criteria, the hon. Gentleman seems to have four, but the consequence would still be the interventionist view that I know he has held for many years.

I do not think that the hon. Gentleman should be so pessimistic about the consequences of what is happening in Libya. None of us can predict what will happen. He is quite right that the Gaddafi regime may persist for some time, in some form or other. He is also possibly right about the alternative outcome of partition, which other hon. Members have mentioned. Another view is that we could be moving towards what might be described as "Somalia with oil", which would be the worst possible outcome. Therefore, we in Europe should be particularly concerned about what is happening in Libya, because it is geographically on the borders of the European Union. Libya is not remote or a long way away; it is of vital, direct, national and European interest to us.

In that context, I want to praise the work of our diplomats in the UN, who have worked hand in glove with French diplomats in the UN to get the Security Council resolution. What has been done through co-operation between Britain and France, as the two European permanent members of the Security Council, is vital. Unfortunately, the Defence Secretary has left his place, but at least the Foreign Secretary is here. *[Interruption.]* The Foreign Secretary will know that I have given him his correct designation today, unlike when he appeared before the Select Committee on Foreign Affairs last week.

I wanted to ask the Defence Secretary about co-operation between the UK and France on the defence front, because clearly there is a new understanding and agreement. If, as is expected, the lead of the operation is transferred from the United States, there will be interesting questions about where it should go. Turkey appears to be blocking any development of a NATO-based command. What will happen then? Is an alternative arrangement possible? Clearly the European Union is not capable of performing that role and, given Germany's position, would not be likely to do so. What will happen to control of the forces that are brought together? There will be a continuing US role, even though it wants to step back, and those forces will include other European states, the Qataris and others who will enter the coalition. Britain and France will be working at the core of that coalition, but we need to know how that will work in practice. Perhaps we could have an indication of that in the winding-up speeches.

In the time left to me, I want to concentrate on what the development of the Security Council resolution means for the future of international co-operation. There were four groups among the 15 members of the Security Council. There was Britain and France, which clearly saw early that an intervention had to be made to stop the massacres and the killing of hundreds of thousands of people in Libya. Then there was the United States, which clearly saw the same thing but, because of internal, institutional problems—and, I suspect, because the Obama Administration rightly want to take a multilateral approach to international politics, in contrast to the predecessor, Bush Administration—did not want to play the lead role.

Thomas Docherty (Dunfermline and West Fife) (Lab): Given the previous US regime's role, does my hon. Friend accept that if the US President had been involved, that might have hindered our ability to get a resolution?

Mike Gapes: I do accept that, but I think the US Administration left it pretty late before finally making up their mind to move. It would have been helpful if the prevarication had not gone on for quite so long, but in principle I agree with my hon. Friend.

Then there was a third group, made up of countries in the Security Council that supported the action, even though many of the countries in their region were unhappy. Three African member states—South Africa, Gabon and Nigeria—voted for action, despite the fact that the African Union collectively has not taken the same position. That is significant. There was also Lebanon, representing the only Arab voice in the Security Council.

Then we have the fourth group, made up of China and Russia—traditionally, one of them would have vetoed the resolution, but they chose not to—and Germany, which, as we all know, has its own national view and history. Germany does not wish to put its forces in harm's way and has always been reluctant to take a role in any international involvement. Indeed, I remember the angst in the SPD—the German Social Democratic

[Mike Gapes]

party—even when it debated sending people to peacekeeping missions outside Europe. Then there are Brazil and India, which take a more traditionalist view about non-intervention, which is similar to that of China and Russia.

My point is that, because of the responsibility to protect, which was agreed in 2005 and 2006, and because of the way this debate has been framed, the UN has passed a watershed. The interventions to defend the Kurds in Iraq in 1991 and 1992 were made without a Security Council resolution. The intervention in Kosovo was also made without one, as was the intervention in Iraq, but today we have a new approach, and I hope that it is a model for the future.

7.57 pm

Mr Edward Leigh (Gainsborough) (Con): I have some reservations about what we are doing. I am pleased to see the Foreign Secretary in his place; I hope that he will answer some of the reservations that have been voiced today.

My first point is a House of Commons point, because I received an absolute assurance from the Leader of the House two weeks ago on the Floor of the House that before we went to war in future, there would be a substantive vote in the House of Commons. When we went to war in the Falklands, the House of Commons sat on a Saturday. We have to establish the principle—this is not just a House of Commons point; it is a serious and important constitutional point—that in future when we go to war, the House of Commons should vote first.

Secondly, I have a number of questions about what we are doing in this operation. I voted against the Iraq war, because although it was ostensibly about dealing with weapons of mass destruction, in fact, as we know, it was about regime change. A lot of people have said that the current situation is very different, but is it? We are told that it is about humanitarian objectives, but is it not, in fact, about regime change, just as in Iraq? We need to ensure that our objectives are entirely and only humanitarian, and about protecting the people in Benghazi.

In one sense, the current situation is very different from the situation in Iraq, because at least there we were determined to go in and achieve regime change. Speaker after speaker has asked what we are going to achieve with the current operation. People say that we cannot always foretell the future and that that is not an excuse for doing nothing, but surely if we set off on a journey, it is generally a good idea to know the destination. Planes do not occupy ground. Missiles can destroy tanks, but they do not destroy regimes. Bombing Tripoli might bolster the regime's support among the population there—indeed, it already has.

I have already asked the Prime Minister on the Floor of the House—no answer can be given—what will happen if the current operation just produces a stalemate. What will we do then? Will we be able to resist the moral pressure to get more and more involved, and to send in troops? There is absolutely no enthusiasm in this country for getting involved in a third war in the Muslim world. Aircraft can stop things happening—they can stop tanks entering Benghazi and I will support the operation to that extent—but they cannot make things happen.

A lot of lazy thinking has gone on along the lines that the regime was so unpopular that simply imposing a no-fly zone would make it fade away. Will that happen? Where is our strategic interest in Libya, which after all is 1,500 miles away? What are Egypt and Tunisia doing? They are its neighbours. Why is there not a single Arab plane in action at this moment?

We know that the first casualty of war is truth. The second casualty may well be a UN resolution, so that we are sucked into something far beyond what we have voted for. What are Russia and China doing, or rather not doing? Why is Iran silent? Is it because it supports Islamist irregulars in the east and is already there? Why would Gaddafi need to contest a no-fly zone if he can simply infiltrate troops? Is this a humanitarian war or is it a military war to change the regime? Will our efforts simply make Libya into another long-term brutal Sudan-type war?

It is often assumed that there are good guys and bad guys, but in fact Cyrenaica, in the east and controlled by the rebels, has always been separated from Tripolitania in the west. The two parts only became one state in 1934 and there has been a long-term dispute or semi-civil war between them for a long time. Indeed, in the 18th century Tripolitania invaded Cyrenaica and there were many massacres. History is extremely complicated; this region is very complicated, and we need to understand what is going on.

I was pleased to see the Defence Secretary in his seat. The old adage from Theodore Roosevelt is:

"Speak softly and carry a big stick",

but we have been in danger of speaking loudly and breaking our sticks in two in the strategic defence review. Reading the British press, one would imagine that the whole world is hanging on to our words. They are not. I was reading the French press, and there was little mention of Britain. In Italy, no doubt, they believe that Berlusconi is taking the lead. There is only one capital that matters and that is Washington.

Oratory is not enough; we need air power. How many Tornados do we have? I believe that the strategic defence and security review was a disaster—as big a disaster as the Nott review, which was finally overtaken by the Falklands war. I hope that this operation overtakes the disastrous defence review. France has an aircraft carrier; Spain has an aircraft carrier; Russia has an aircraft carrier; the USA has 11 aircraft carriers; and we have to fly a round trip of 3,000 miles to impose our military force. By the way, all we have done is send three Tornados and two cruise missiles.

Dr Julian Lewis: I am glad that my hon. Friend raised that point, which I did not have time to raise. Although it is true that in this case we can get by from land bases, when it comes to the fuel costs of flying a single mission, a Harrier from a carrier would have cost £5,750, one from Sicily or southern Italy costs about £23,000 and one from the United Kingdom costs £200,000.

Mr Leigh: My hon. Friend makes the point. We could have had a carrier just 100 miles off the coast. The Prime Minister could have been sending our power. The Army is primarily a projectile of the Royal Navy and the defence review has been an attack on our traditional maritime and air power. I hope that we will use this operation to learn lessons about that.

In conclusion, I believe that we should review the strategic defence review, and that we should state firmly that our operation is simply and only a humanitarian exercise to save people in Benghazi and that there is absolutely no intention of our trying to achieve regime change.

Zac Goldsmith (Richmond Park) (Con): Would my hon. Friend welcome, as I would, an absolute assurance from the Government that if they feel compelled to escalate our involvement in Libya, this House will be given the opportunity to vote again on this matter?

Mr Leigh: I have already said that that is a very important constitutional point. I know that I am just a House of Commons man, but most of the time that is all I have been allowed to be. There is nothing wrong with that, and we on the Back Benches have to say loudly and clearly to the Government that if there is any escalation, we must be consulted through a substantive resolution and that what we are talking about tonight is simply a very limited humanitarian operation using only warplanes, with no question whatsoever of our being dragged into third war in a Muslim country. I hope that point will be made loud and clear by the House of Commons.

8.5 pm

Richard Burden (Birmingham, Northfield) (Lab): I apologise for my absence during the early part of the debate, but along with other hon. Members I had to attend a meeting of the Committees on Arms Export Controls. The House will probably understand that events in the middle east and beyond show pretty conclusively the importance of the work of that Committee, and others, in scrutinising UK policy on arms exports.

Many hon. Members have posed the very reasonable question of what we are getting into with the operation in Libya, and Iraq has come up time and time again. Indeed, the spectre of Iraq haunts us all. I was opposed to the invasion of Iraq—I remain of that view—but I also hold the view that the issues we are dealing with today are very different. This action was not preceded by speeches about axes of evil. There have been no off-the-shelf neo-con theories in which the answer was clear in advance and all that remained was the question that allowed that answer to be put into effect—the answer being that we would end up going to war.

In this case, the entire middle east is going through a transformation that we have never seen before—a huge upsurge in popular protest calling for rights and democracy—and the response in Libya was not only violent repression by the Gaddafi regime but a chilling warning that there would be the wholesale slaughter of civilians in Benghazi not in weeks or months but in days. Parallels are always dangerous at such times, but the parallel I thought of at the time was not Iraq but something that I came across soon after I was elected in the early 1990s—the scenes in Srebrenica and elsewhere in Bosnia. It seemed to me that we could not allow that to happen again.

In 2005, the United Nations, as a result of the experience of Bosnia, Rwanda and other places, agreed that the international community did and does have a responsibility to protect. That is right and this is a test of our willingness to do that. Our objectives must be clear. The UN framework established in the resolution passed on Thursday is open to interpretation, but it is more specific than many we have seen recently. We must also be aware that events are dynamic. We need a much clearer strategy of how to go forward and how to respond.

I hope that we will listen to the wise words of the hon. Member for Penrith and The Border (Rory Stewart) about the need to be humble as well as confident and to be limited in our rhetoric and in what we know we can achieve. We should listen to what the hon. Member for Milton Keynes North (Mark Lancaster) said about needing to think through the issues to do with stabilisation and our role in it.

We must be aware of the vital role of the Arab League and the Arab world. Without their support, the UN resolution simply would not have been possible, but now, after the events of the weekend, the comments that were made and the clarifications that were made on the back of those comments, we must have a much closer understanding with the Arab League about how we go forward. We need to recognise and put in place the liaison arrangements that will be necessary to enable and encourage the Arab League to play a much more active role in what transpires from now on rather than being cheerleaders for us. However, the Arab League must also accept that it has responsibilities so that not only Libya but Yemen, Bahrain and other countries in that part of the world can move forward.

We also need to understand, as my hon. Friend the Member for North Ayrshire and Arran (Katy Clark) said, that we need to address not just Arab Governments but the Arab people. When they express their objections to what is happening in this part of the world, the term "double standards" comes up time and again.

While it is right for people to speak of the importance of pursuing the middle east peace process at this time without soft-pedalling, it is also true that "process" is not enough. The former Palestinian ambassador to the United Kingdom, Afif Safieh, put it usefully some years ago when he said it was not enough to have an endless peace process, and that what was needed was an enduring peace. I think that what the people of the Arab world are looking for from us to counteract the impression of double standards that we have given is not just condemnation of, for example, Israeli settlement building, but a resolution to do something about it; not just condemnation of death and destruction in Gaza, but action to ensure that 1.5 million people are no longer forced to live in a kind of open prison.

We need to address those issues, not just for the sake of our credibility, but to establish an understanding with the peoples of the middle east that will allow them to transform their region in the way that they want and allow far more justice in the world—and that will allow far more stability in our world.

8.11 pm

David Morris (Morecambe and Lunesdale) (Con): Like my hon. Friend the Member for North Warwickshire (Dan Byles), I will vote very reluctantly. Every time a military conflict takes place, death is involved along with ramifications for future generations, and everything hinges on what we say in this Chamber. We all know that this Chamber is the nerve centre of the country.

[David Morris]

Although we are debating the motion, I really believe that the Prime Minister and the Foreign Secretary were right to take the actions that they have taken. We cannot stand by and watch people who are not that far away from us, geographically—on the shores of Europe—suffer as they are suffering. We are dealing with a man who, time and again, has violated human rights. Time and again he has killed his own people. He has killed people on our soil. People have been killed through his orders, indirectly, and by his regime, certainly.

Members on both sides of the argument have said that we should have had more time in which to discuss the motion, but cries for help have no time. Those cries for help are coming from 2,000 miles away, which is not very far, and we have to help people. We have to be part of this.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I wonder whether the hon. Gentleman is listening to the cries for help from the people of Bahrain who have been murdered by Saudi Arabian troops, the people in the south of Syria who have been murdered by troops, or the people in Yemen who have been murdered by another dictator there. Why select these cries for help to listen to?

David Morris: Because it is the right thing to do; that is why.

Michael Connarty: Why select them?

David Morris: It is the right thing to do at this time and in this case.

Let me tell the House a story of which I have personal knowledge. A good friend of mine who was a radio officer on a ship jumped off it into the ocean when he saw a British destroyer come past. The military on the ship from which he jumped threw grenades at him, one of which hit him but bounced off and, thankfully, did not explode. He swam for his life, and our boys pulled him out of the sea. He came to this country, and was thankful for that. He has been here for nearly 30 years. Just think of that. Let me tell the House something else. When the students were bombing Manchester in the 1980s, that man lied to everyone that he was Italian, because he was in fear of his life. That is the kind of regime that we are discussing today, and the kind of regime that we want to sort out once and for all.

What else happened in the 1980s? Yvonne Fletcher was shot on our own soil in front of the television cameras. Some people have very short memories, but I do not have a short memory, and what worries me is that if we had not acted as we have so far, massacres would now be occurring in Libya.

This is not about the moral high ground. We pulled a mission yesterday—or over the weekend, or whenever it was—because civilians were involved. We do not attack human shields. We should think about what we are doing here. Yes, we are putting our troops into a theatre, but we are also saving people's lives, and we are sorting out a dictator who should have been sorted out years ago. This man was responsible for Lockerbie. Do Members remember that? I do. He was never brought to book. Dare I say it, but some Members wanted to appease that regime—and here we are today, having to take up the mantle to sort it out again.

I was outraged when Yvonne Fletcher was shot. What can we do about all this? We can do the right thing. When Members go through the Lobbies tonight, they should think about what has happened in the history of Libya and how it has affected this country and the middle east, and they should do the right thing.

8.16 pm

Caroline Lucas (Brighton, Pavilion) (Green): I welcome the opportunity to contribute to this crucial debate. I also welcome the opportunity to pay tribute to the men and women in our armed forces, whose courage and commitment are beyond question. However, I think we owe it to them, and indeed to all in the middle east and north African region, to ensure that the role that Britain plays is beyond reproach or misunderstanding. That means that it must be consistent, that it must be principled, and that it must be likely to do good rather than harm. Measuring the military intervention that has taken place so far against those benchmarks, I am not sure that they are being met.

Let us take consistency. I have heard no serious answers to the charge that we are being enormously selective in the battles that we are choosing to fight. The Prime Minister has been asked whether military intervention in Libya signals a new direction for British foreign policy, and whether we might expect similar action to be taken against other oppressive regimes. Libya, we are told, is special. We are also told that the fact that we cannot do good everywhere should not be an argument against doing whatever we can. I consider it critical that if we choose to move in this direction, we should do so with clear principles that are as independent of self-interest as we can possibly make them. The fact that we are operating in the same week as invading Saudi forces are executing unarmed democracy protesters on the streets of Bahrain raises serious questions.

In considering whether our action is truly principled, we surely have to say why we think it appropriate to continue to sell arms to the region. I do not apologise for returning to that issue, because the Colonel Gaddafi who has been rightly described today as a murderous dictator has not suddenly become one. He was already a murderous dictator a few months, or weeks, ago, when we were happy to sell him tear gas, crowd control equipment, ammunition for wall and door-breaching projectile launchers, and plenty of other military equipment as well. In the nine months leading up to September last year, the United Kingdom issued millions of pounds' worth of arms export licences for Libya, Saudi Arabia and Bahrain.

We cannot ignore our own complicity in arriving at this point. We cannot continue to arm regimes that abuse their own citizens, and try to claim the moral high ground when addressing the conflicts that those same arms have helped to perpetuate. As recently as last month, Ministers attended the IDEX—international defence exhibition—arms fairs in Abu Dhabi, and in less than six months the United Kingdom will host its own arms fair in London, where, no doubt, regimes that abuse their own people will once again seek to buy the tools of their repression. I hope very much that the commitment that we are hearing today—the commitment to upholding human rights in the middle east—will extend to our policies on arms exports, so that we can finally not just review but end the policy of selling arms to repressive regimes.

We need to ensure that intervention has a better chance of doing good than of doing harm. The motion asks the House to support the Government

"in the taking of all necessary measures".

Like United Nations Security Council resolution 1973, it commits us to a course of action that is dangerously open-ended. It does not define success, unless it is the over-simplistic success of removing Gaddafi, but if that is our measure we risk simply repeating the errors of our recent history. UN resolution 1973 does not appear to rule out the use of ground forces in support of the rebels or in helping to protect civilians. That is a fairly wide definition. Earlier in the debate, we heard an interpretation of the resolution that suggested it provided for the arming of rebels as well. It is extremely over-optimistic to expect an air campaign to be decisive; hence, presumably, the scope to escalate any campaign further. I believe that could be fatal to the chances of an early peace and I am deeply concerned about the falling away of support so early in this mission. I refer not only to the secretary-general of the Arab League, but to the fact that Egypt and Algeria do not want to be involved in this action, that the US does not want to lead on it and that France's speed of action seems to suggest that President Sarkozy is motivated at least in part by his domestic concerns.

There is a real risk of our making matters worse. If there is a stalemate—if Gaddafi does not fall in the next few weeks—we could face a civil war, a partitioned Libya and even a potential breeding ground for al-Qaeda. Given the west's colonial past, its history of adventurism and support for dictatorships in the region, its failure to enforce UN resolutions in Palestine and the legacy of the invasion of Iraq in 2003, I think its motives in Libya will always be in doubt. The Prime Minister himself said a few days ago that a no-fly zone was not a simple solution but one of a series of steps needed to make sure that we

"get rid of this regime."—[*Official Report*, 16 March 2011; Vol. 525, c. 291.]

How can that be that be read as being anything other than, in effect, support for regime change, which falls well outside the terms of the UN resolution?

I hope that in the Government's summing up there will be further clarification of the inconsistencies between what is in the UN resolution and what is in the Government's motion. I hope that they will review their trade and foreign policy through the screen of a genuinely ethical foreign policy and I hope that we can support the urgent convening of a middle east peace conference.

8.21 pm

Paul Uppal (Wolverhampton South West) (Con): I thank all right hon. and hon. Members who have contributed to the debate this evening. It has been a substantial and broad debate and many issues have been thoughtfully covered. I congratulate the Prime Minister and the Foreign Secretary, who is in his place, on the leadership they have demonstrated, especially in the embryonic formation and eventual birth of resolution 1973.

Just a few weeks ago, I was struck by the difficulty and pertinence of these issues when I examined a broadsheet newspaper. The front page showed a picture of an elderly Libyan gentleman with his arms outstretched, appealing to the west and asking why it would not help. In the middle was a cartoon picture of the Prime Minister—a rather pejorative one, I am afraid—with a little representation of Muammar Gaddafi sitting on his nose in the form of a fly. The Prime Minister was pointing a loaded revolver at the fly. That illustrated how difficult this issue has been. The hon. Member for Ilford South (Mike Gapes) made a pertinent point when he said that much consensus has been built. I think that John Simpson has referred to the Arab League as a usually timid and, if truth be told, disparate body. It is not always easy to get resolve, but I am heartened by the fact that the Prime Minister and many other leaders have taken a lead on this.

Mr Robert Buckland (South Swindon) (Con): Is it not striking to note that the preamble to the lengthy and comprehensive resolution 1973 determines that the situation in Libya continues to constitute a threat to international peace and security? The notion that this is an intervention in a domestic war is therefore wholly wrong.

Paul Uppal: My hon. Friend makes the point very eloquently and I could not agree with him more wholeheartedly.

We all have a personal history and personal experiences that form our political opinions. Just last Wednesday, I came to the end of a very long political journey when I took a group of sixth formers from my constituency to Auschwitz-Birkenau. It was a cathartic day and a very personal experience, which I think will stay with me for the rest of my life. On reflection, there were many lessons to learn about that journey but one thing was more pertinent than anything else in my discussions with those sixth formers—they wondered how we had let that tyranny and oppression come to fruition.

The Leader of the Opposition referred to the holocaust in his speech, and I realise that some hon. Members might think it too much of a stretch to relate that situation to this one, so let me give another example. My maternal grandfather gave me many things, including a love of Stan Laurel and Oliver Hardy, a mischievous sense of humour and a very personal story that strongly resonates with me to this day. At a time of partition in northern India, he stood against a mob who were determined to burn out their Muslim neighbours. They said, "We will go from house to house and there will be no mercy." Those words have rung very loud in my ears over the past few days because they bring home what is right and what is wrong. To my pride, my maternal grandfather stood against the mob and said, "If anyone attacks this house, it will be an attack on my household," and to this day that Muslim family is still in that village.

I have referred specifically to some personal issues and other right hon. and hon. Members have highlighted how difficult this issue is. I know that there might be charges of hypocrisy and that people are asking why we are choosing Libya and not Bahrain, why we are not addressing the situation in Yemen and why we are choosing to act in this specific situation, but we can only deal with the situation as it is presented to us. Colonel Gaddafi has shown that he is prepared to use his own people as human shields. He is prepared to go from door to door and show no mercy.

I appreciate that these are difficult issues, but it is absolutely necessary to do the right thing. The choice is simple and stark and has been laid out eloquently by

[Paul Uppal]

both the Prime Minister and the Leader of the Opposition. The choice, as in the terms of this motion, is to do something or to do nothing and I for one think that we do the right thing by acting.

8.26 pm

Geraint Davies (Swansea West) (Lab/Co-op): I support the UN no-fly zone and the early intervention to take out Gaddafi's machinery for the mass slaughter of hundreds of thousands of near-defenceless civilians without apology. The world could not stand by as Gaddafi used air power, tanks and soldiers to inflict wholesale massacre on those fighting for a peaceful, democratic future for Libya. UN resolution 1973, which sanctions the use of "all necessary measures" to protect civilians, needs to destroy Gaddafi's military assets. We need to take out the tiger's teeth.

I appreciate that some members of the Arab League fear that this could turn into a western invasion—some sort of neo-colonial crusade—but they and we need to remember that the authorisation of this resolution is specific and does not include that sort of invasion. We should work hand in hand with the Arab League with sensitivity to recent history. I also appreciate that we need an endgame in mind and a means to deliver that end game, but it is necessary to disarm that despot, who is intent on mass murder, even if we simply withdraw after that. If we did not have an endgame, but stopped the mass murder and then withdrew—not something that I would advocate—that would be better than simply standing aside and doing nothing, saying, "We don't have an endgame, so let them die."

The ultimate endgame would, of course, lead to a Libya at peace with itself, with a new constitutional settlement involving and embracing all its communities. However, that settlement must emerge over time from within, informed by Libyans at home and abroad. I certainly take the view that we parliamentarians should consult our Libyan constituents and communities, the Arab nations and the Arab League about our actions and about the shape of a Libyan future that embraces different communities—different ethnically, racially, and by gender—now, rather than later. Let us remember, however, that a United Nations resolution does not sanction ground forces delivering regime change, and certainly western ground troops would play into Gaddafi's hands; their use would be seen as a grab for oil and as neo-colonialism.

We have talked this evening about United Nations action leading to stalemate. What would happen then? I have consulted quite closely a large Libyan community in Swansea, and they—or some of them, at least—are calling for an Arab-led peacekeeping force, probably spearheaded by the Egyptian army and the Turkish under a United Nations flag, after the disarming process to maintain the peace and oversee a transition. Obviously, that would need a further United Nations resolution, but it is something that we need to bear in mind when looking to the future.

Members have asked how we can justify intervention in Libya but not Bahrain, Saudi Arabia, Yemen and other places with repressive regimes. This is not a completely satisfactory answer, but the fact is that one has to do what one can. There are certain things beyond our limitations. As has been said many times already, if we cannot do everything, it does not mean that we should not do anything. I believe that the action reflects the United Nations at its best, working together, gradually stepping forward in history. It is a step towards building a unified world based on a fundamental respect for humanity, and a future that we all share. I simply say: let us step forward together, with care, to share that future.

8.30 pm

Christopher Pincher (Tamworth) (Con): I begin by paying tribute to the air crews and other servicemen and women who, as we engage in jaw-jaw in the House, are engaged in war-war of a most dangerous kind. I also pay tribute to the Prime Minister and the Foreign Secretary for keeping up the pace and securing the United Nations Security Council resolution.

Just a week or so ago, no-fly zones were not particularly fashionable. They did not have many admirers in Washington, the capitals of Europe, or indeed some quarters of this House, but as Harold Wilson observed, a week is a long time in politics, and I suppose that means that in diplomacy a week is an eternity, because we have now secured this United Nations resolution, which can bring real, not abstract, hope to those thousands, possibly tens of thousands, of people in Libya who might otherwise have been killed by Gaddafi.

We have already heard some voices in this House say tonight that perhaps we are going beyond the United Nations resolution, as if somehow it is just the no-fly zone that matters. It would be naive to suppose that we could impose safely and quickly a no-fly zone without first destroying targets on the ground—air bases, surface-to-air missile sites, and command and control installations. That will at the very least ensure that our aircrews, who are trying to save the lives of others, are best protected. It is also naive to suppose that keeping the al-Quwwat al-Jawwiya—the Libyan air force—on the ground will do the job. In Benghazi, about 8,000 civilians alone have been killed by the heavy weaponry of Gaddafi's ground troops. Unless we can take out those tanks and heavy weapons, we cannot defend lives.

We are now in a conflict situation, and it is right that the House should ask questions about the Government's objectives. There are four key objectives. We should enforce the UN resolution—that may be obvious. We need to protect lives, and that is what we are doing, not simply through the actions that we have taken, but through the actions that we have not taken. As my hon. Friend the Member for Morecambe and Lunesdale (David Morris) said, the fact that we did not go through with the Tornado strike earlier today demonstrates clearly that we are keen to ensure that civilian lives are protected. Gaddafi knows that, and that is why he is using human shields, willingly or unwillingly, to protect his installations. That is why we must make sure that his armed columns do not get into Benghazi or other built-up areas, where it is much more difficult for our precision weapons to protect civilians while taking out his soldiers.

It is also important that we internationalise this operation as far as we can. The other day, thanks to my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), I had the pleasure of meeting members of the Shura Council of Saudi Arabia. They said that they

could not enforce a no-fly zone or deal with Gaddafi alone, and that they needed our help. We told them that we understood that, but that we, too, could not act alone and that they needed to be involved. I am pleased that Qatar is now becoming involved in the operation, but I hope that my right hon. Friend the Foreign Secretary will use all his undoubted eloquence to prevail on the Saudis and the Egyptians to play their military part in the operation, so that we can send a message to the Arab world that this is not some sort of NATO-inspired adventure but a serious international effort to protect the people of Libya from butchery by their President.

We must also ensure that the public here understand that our objectives are limited and temporary. I spoke to some of my constituents over the weekend and, as my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown) said, there is no appetite for a protracted ground war or even a protracted air operation over Libya. I was pleased, therefore, to hear the Prime Minister make it clear that we will stick to the terms of the UN resolution. We are now engaged in the conflict. We have made a decision. The price of action is condemnation by some, but the price of inaction is the inevitable deaths of many. I think that we have, with regret, made the right choice. I hope that the House will support the Government tonight, and say that a few condemnatory remarks are a price worth paying.

8.36 pm

Barry Gardiner (Brent North) (Lab): I hope that, in a few weeks, the House will be able to rejoice that Gaddafi has gone. Few dictators have committed so many acts of psychopathic wickedness over such a long period of time. Many hon. Members will know of his atrocity at Abu Salim prison in Tripoli, where he marched 1,270 prisoners into a compound, locked the gate and instructed his soldiers to open fire from the courtyard rooftops. The gunfire and grenades rained down for more than two hours until all 1,270 people were dead. But that was in the dying days of John Major's Government in June 1996, and Britain took no action.

I welcome resolution 1973. To take action now is right, but it would be disingenuous to claim that action was not possible without Britain's military participation, involving just three planes. The question is not whether action against Gaddafi is right but whether it is we who have the primary duty and responsibility to take it. It is the families of many of those slain 15 years ago at Abu Salim who began this revolution in Libya, inspired by others across the region who had dared to rise up and demand justice and dignity from their leaders. I praise their courage, but I recognise that this is a civil war in Libya. In that respect, it is categorically different from other conflicts involving ethnic cleansing and religious domination by one faith over another. This is neither Bosnia nor Rwanda. UN resolution 1973 has authorised international interference in a civil war in which there has been no genocide and no ethnic cleansing: no Halabja there.

The resolution purports to allow no more than the humanitarian protection of civilians, but all acknowledge that the Libyan population will not be secure from harm until the country is rid of Gaddafi. Coalition leaders, when asked whether Gaddafi was a legitimate target, have been equivocal in their response. In such circumstances, the rose of humanitarian protection begins to smell of regime change, and by that name it is not so sweet. This became apparent to Amr Moussa over the weekend when he said:

> "What is happening in Libya differs from the aim of imposing a no-fly zone, and what we want is the protection of civilians and not the bombardment of more civilians".

Perhaps the Arab League was too optimistic, because that is precisely what is likely to happen, if not by British and coalition missiles then by the rebels. It is naive to think that we can stop one side fighting in a civil war and not expect the other to take advantage. In a civil war, the tragedy is precisely that civilians are killed, if not by one side, then by the other. I do not believe that the international coalition will be even-handed in stopping rebel forces advancing in the same way.

The Prime Minister said in his statement on Friday that if we will the ends, we must also will the means. To will the means, however, does not entail the proposition that we must be the means. Many people in the UK are asking, "Why does Britain always have to get involved?" In two days, we will hear the Budget and the Chancellor will explain to the country why it is necessary to cut thousands of jobs to tackle the deficit. Those men and women who have been made redundant will no doubt sympathise with the Libyan people, but they will ask, "What has this got to do with Britain?" North Africa is not on our borders. It is not in our direct sphere of influence. Libya poses no direct threat to the UK, and we have no historical responsibility as the former colonial power, so why are we spending millions of pounds on cruise missiles, and endangering the lives of British soldiers to implement the resolution? It is ironic that many people asking these questions will be among the 17,000 military personnel who were judged to be surplus to requirements in last October's defence review, when the Government cut £4 billion from the defence budget.

There is no contradiction in welcoming the enabling authority given by UN resolution 1973, which allows those who have a direct interest or who have historical responsibilities as the former colonial power to act in Libya and, at the same time, to insist that we have no such direct interest or responsibility. Today, we are debating this after the event—we have taken that responsibility before a vote in the House, yet no one in government has sought to explain the policy of the rebels, on whose side we now find ourselves. We know that they are against Gaddafi, and that is a good start, but we certainly have no knowledge that they intend to replace him with an open, tolerant, liberal democracy. The whole of north Africa and the middle east are changing more rapidly than at any time since Suez. Shi'a minorities in Yemen and Bahrain have been shot or silenced by an invasion from Saudi Arabia. Iran is known to be eager to get involved. Egypt and Tunisia have effected home-grown revolutions and even Syria is experiencing serious internal tension.

In that extraordinary context, the Government have judged it right and in Britain's interest to involve our forces in military action. I pray that in a week's time Gaddafi is gone, and I pay tribute to the valour of our armed forces, but I believe that the Government were wrong to ask this—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I call James Morris.

8.42 pm

James Morris (Halesowen and Rowley Regis) (Con): I congratulate the Prime Minister and the Foreign Secretary, and everyone who, with patience and painstaking fortitude, has brought the UN resolution to fruition. I pay tribute, as other hon. Members have, to our armed forces who are implementing that resolution. That type of work is what protecting British national interests is all about. As other hon. Members have said, every generation needs to define what is in Britain's national interest. In the modern world, our national interest encompasses security, humanitarian issues and commercial interests. It demands that, as a nation, we are prepared to build alliances, to contemplate military co-operation with other nations, and to deploy our unique soft and hard power assets. We are doing so in relation to Libya. We were right to act, but we were right not to act alone.

It was right to agree a resolution with clear parameters for engagement and with broad-based support, which means that, in this context, the international community can act without the United States necessarily taking the lead. It is an example, too, of Anglo-French co-operation, with Britain and France being seen to be in the lead. It confirms that we do not live in a unipolar world. Britain, in the modern world, with a new definition of our national interests, must be as flexible and co-operative as possible to protect its national interest.

As other hon. Members have pointed out, recent experiences in Iraq and Afghanistan have given the British people good grounds for caution about our country taking military action and being involved in foreign intervention. When I speak to my constituents in Halesowen and Rowley Regis, they are concerned about our commitments in the world. They have become weary in relation to Iraq and Afghanistan because they saw no clarity about the missions or their end point. We must not make the same mistake again with Libya.

It is vital that we avoid the tendency that has characterised some of our military interventions in the recent past to use over-optimistic language and to engender inflated expectations about what we can achieve and, in some contexts, a downright delusion about the lengthy effort required to achieve a successful outcome when we make the grave decision to intervene in the affairs of other countries. That mindset and language characterised our initial involvement in Iraq and Afghanistan.

Our new modern national interest demands that we are pragmatic, realistic and straight with the British people about what we are trying to achieve through the resolution. We must see the debate tonight, and the United Nations resolution, in the context of Britain adopting a broader strategy towards the middle east, a region which in recent times has been subject to turbulence and unpredictability, forcing on Britain a posture of ambiguity in foreign affairs, and obliging us to live with that ambiguity and make decisions within that context.

Although we are taking military action under the UN resolution, we must also be determined to use our influence through alliances and through our soft power assets to help build functioning civil societies and democracy in the countries of the middle east. It is in our national interest to utilise those soft power assets simultaneously with making a focused decision to take the action that we are taking in Libya.

The resolution that we are debating tonight is clear and pragmatic. It has broad-based support and I believe it is in Britain's national interest to take action against Gaddafi now, but at the same time to be mindful that in doing so, we are making a grave decision that must be combined with Britain using its soft power assets throughout the middle east to promote democracy and build civic society.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before I call the next speaker, I inform the House that I will take one more six-minute speech, then I will drop the time limit to four minutes to try and get in as many speakers as possible.

8.48 pm

Mr David Lammy (Tottenham) (Lab): Clearly, all war is evil, and we should remember that when we talk about the business of war. But some evil is necessary. In reflecting on the vote tonight, we should bear that in mind. Some of the language in our media over the past few days has left me cold. It is indicative of a country that has not experienced bombing for well over 60 years, but for those who are poor and who see bombs raining on their country from up above, with necessary supplies disrupted and real fear in their hearts, the urgency and seriousness of what we are talking about is very great indeed.

In reflecting on how to vote, I think of how this all began on 17 December 2010 with one man, Mohammed Bouazizi, who burned himself to death because of the oppression he saw and experienced in Tunisia. That set off a wave of activity across the middle east. In supporting this, we line up with him and with the young people of the region—the 29% of the population aged between 15 and 29 who have had enough. They are educated, too often unemployed, and concerned about an ossifying political system that does not seem to relate to their experience. They want to do something about the dictators and the lack of democracy across the region. That is the test. Those are the people we support, despite the UN resolution that is the subject of today's motion. In doing so, we should recognise the changed circumstances in which we have such a debate and the kind of scrutiny that is expected of us.

Any action taken must clearly be proportionate. We must be mindful of the fact that the British public at large do not expect there to be large-scale civilian death as a result of our action. Any action must be proportionate and multilateral. This generation is mindful of the imperial past of our country and those countries that are part of the allied effort. That is important. That is why the multilateral approach is the right one. Against that backdrop, it is concerning that the Arab League, although it is prayed in aid, seems neither present, nor wholly behind what is happening. It is concerning that the African Union, too, clearly wants to disassociate itself from the bombing of Libya. How are we to present a multilateral force if those two major players are not part of it?

The generation of young people on the streets in the middle east, who are in communication with their generation in this country, ask two other major questions. First, what are the criteria by which we intervene? Why not Darfur or Zimbabwe? What is our position on Yemen and Bahrain? Is there consistency when we intervene? They are entitled to some answers on the new and changed circumstances, particularly in the context in

which we are talking not about being invaded ourselves, but about intervention that is perhaps necessary in this new age. Secondly, that generation also asks for some consistency, integrity and principles in the UK's position on arms. Just as we have taken noble positions on nuclear proliferation, the time has come not just for another review, but for statutory implementation on arms. We must ask ourselves why in the last year for which figures are available Europe spent €343 million arming Libya, involving companies from the UK, Italy, Germany and France. It was unacceptable when my party was in government, and it is unacceptable now.

8.54 pm

Richard Drax (South Dorset) (Con): It is a privilege to follow the right hon. Member for Tottenham (Mr Lammy).

First and foremost, my thoughts extend to our armed forces policing this no-fly zone and to their families. Our stated purpose is to save lives, and I am delighted that we have taken such a high moral and legal stand. I, like many here today, hope that we succeed in that worthy aim, and I commend the Prime Minister and the Foreign Secretary on their courage. All too often, leaders get it in the neck for failing to take the lead, but in this case they have, and I commend their courage, as other Members have.

I am, however, instinctively cautious, not least because there are so many deserving cases out there. We must remember that the resolution would not exist at all without the backing of the Arab League, therefore planes from those nations should be in action and soon. I welcome the news that Qatar is sending four warplanes, and I hope that Egypt and Saudi Arabia will follow suit. Should we lose the support of the Arab League for the resolution, it will put our Prime Minister and this country in a horrible predicament.

One of the burdens of the freedom we cherish is that we cannot idly stand by and watch while evil rides out, unleashing its vile intent. For that reason, I support any humanitarian relief that we can give to those fleeing Gaddafi's brutality, but I do wonder where we will be operating next. Hon. Members have mentioned Zimbabwe, Liberia, Rwanda, Bahrain and Yemen. What if Saudi Arabia goes? I will leave the House with that thought.

The duty of any Government is to protect the nation, her people and her interests. Libya is of strategic significance, I believe, but I am concerned that we are walking on a knife-edge. Yes, we should be concerned about a pariah state festering on Europe's southern boundary; wounded, Gaddafi's regime would be even more dangerous. We must not forget his recent statement about uniting with al-Qaeda in a holy war against us. Let us not forget his support for the IRA and, of course, the murder of Police Constable Yvonne Fletcher and Lockerbie. The list goes on. But what if Gaddafi holds out in his western stronghold while menacing Benghazi? What happens then? Will that test the west's resolve? I suspect it will.

In those circumstances and out of frustration, could an unintended consequence mean boots on the ground? Lessons from the recent past cannot be ignored. This is potentially much more than a no-fly zone, and that is where many of us have concerns. Currently, we know almost nothing about the insurgents or who, if Gaddafi were to fall, would take his place, but we have all learned to fear a vacuum in the Arab world. There is not going to be a brave new world in Libya where western democracy rules, and we would fool ourselves if we thought that.

I have such a short amount of time to speak, and I want other Members to come in, so I will put the spotlight back on defence. Our Secretary of State for Defence is not in his place, but the Foreign Secretary and a Defence Minister are. Owing to what is going on around the world, I call on our Front Benchers to reconsider the defence review. We have a duty to look after our armed personnel, and if we send them into harm's way we have to make sure they have the arms and equipment to do the job on our behalf. Defending freedom has never ever come cheap.

As a soldier, I did not see active service. Although I was in Northern Ireland three times, I did not have a bullet fired at me personally, but speaking to friends who have, and given that many Members have asked about clarity, I can assure the House that the first thing that disappears when one makes contact with the enemy, is clarity.

8.58 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): It is sobering to think that, as we debate this motion tonight and allied aircraft are yet again deployed in action, there are inevitably men and women, fathers and mothers, sons and daughters, who will not be going home tonight. They may, unfortunately, be allied air personnel; they will almost certainly be Libyan military personnel; and tragically they may very well be Libyan civilians who left home this morning to go to work but, for whatever reason, will not be returning.

I know that the Treasury Benchers and the Opposition Front Benchers take their responsibilities incredibly seriously: I know that the Secretary of State for Foreign and Commonwealth Affairs and his colleagues do not relish, or seek jingoism in, their actions and the operations on which they must decide; and I know that the House recognises that my right hon. Friends the Members for Doncaster North (Edward Miliband) and for Paisley and Renfrewshire South (Mr Alexander) seek to carry out the duty of an Opposition, which is to cast a critical eye over the actions of the Government, and will not pursue political opportunism, because that is not in order in this debate.

Much has been said about why we are doing this, and Members on both sides of the House have questioned the wisdom of it. I came into politics because 20 years ago this summer the west stood by and took no action when Yugoslavia tore itself apart. We saw footage from Srebrenica, Sarajevo and other places of the massacre of men and boys, women and children, and the west did nothing to stop that. I cannot possibly imagine what it must have been like to live in that country during those times. I therefore very much welcome the fact that the Government have stepped up and provided some leadership in this action. The Secretary of State will know that Opposition Members stand willing to provide support to the Government in pursuing that course.

I was very lucky to make my maiden speech on the same day as the hon. Member for Beckenham (Bob Stewart), whom I have found inspiring over the past 10

[Thomas Docherty]

months, both as a colleague on the Defence Committee and as a speaker in the House. I hope, if he will pardon my saying so, that in 10, 15 or 20 years' time we do not have a situation where there are more Members like him who will have had to go in after the west did not take action to pick up the pieces of its indecisiveness. I will support the motion, with some reservations about casualties, but pleased that the west is taking action.

I will not speak about the defence review, which has already been covered, beyond saying that we will return to it in a future debate. However, I urge the Secretary of State to keep under review the issue of the warships and aircraft that we have. I pose two questions. First, will he give an absolute guarantee that the operational costs will be met from the Treasury reserve, not from departmental budgets? Secondly, will he give a guarantee that work is now under way between the Department for International Development, the Foreign Office and the Ministry of Defence on the reconstruction of Libya once the action has ceased?

9.2 pm

Bob Stewart (Beckenham) (Con): Colonel Gaddafi does not do peaceful. Benghazi may be relatively safe for the moment, but what about elsewhere in Libya? That really worries me.

As my—dare I say, with some trepidation?—hon. Friend the Member for Dunfermline and West Fife (Thomas Docherty) suggests, I have had experience in this respect. I remember very well that when I was the military commander in Bosnia in 1993, a little girl of six was brought to my house by a delegate from the International Committee of the Red Cross. She had been in a prison camp for 10 days. The Red Cross delegate said to me, "This girl needs shelter." I said, "I'm the military commander." She said, "You've got plenty of room in your house, and you've got two soldiers who look after you." The soldiers turned to me and said, "We'll look after her, sir." They took her away, put her in a bath and washed her, and cared for her. They put a bed for her between their two cots. Three days later, that girl did not want to leave. I am worried that what had happened to her might be happening to people in Tripoli tonight. She was dragged out of her bed at 5 o'clock in the morning, with her mother, father and brother, told to get downstairs and made to lie on the grass by brutes with rifles. As she told it, her mother, father and brother lay down and did not get up again. This weekend, I spoke to members of the opposition in Tripoli, and you can bet your bottom dollar that Mr Gaddafi will be sending his thugs searching around there tonight.

What can we do to help? We cannot invade, we cannot assassinate—it is up to the Libyans to decide what we do. I have seen people with pitchforks try to take out tanks. How are those people going to be protected? They need help. Perhaps the Arab League could help a little more in that respect. Perhaps it could go forward. We cannot do it.

Nobody knows the endgame—we all realise that. If we were God, perhaps we would, but we do not. We live in hope. We do not have the endgame plotted out carefully.

We acted morally on the highest authority in the world—the Security Council of the United Nations. Thank goodness we did, because last Friday Colonel Gaddafi suggested he was going to go through houses in Benghazi and butcher everyone who opposed him. That did not happen. We have, by our actions, saved life. Politics can sort things out hereafter, but one thing is quite clear: there will be a lot more people around to watch what happens from now on than there would have been if we had done nothing last Friday. Thank you very much, Prime Minister. Thank you very much, Foreign Secretary. Thank you very much, the Opposition, for your full support. It is deeply appreciated by all of us.

Let us hope that someone has the brains of Methuselah and that we find out what the endgame is in due course. Perhaps the Foreign Secretary has the brains of Methuselah.

9.6 pm

Yasmin Qureshi (Bolton South East) (Lab): I have listened to all the Members who have spoken in this debate since 3.30 this afternoon. I rise to my feet with trepidation because I am in the minority of the few Members who do not think that this action is wise. I will explain why.

I believe that although the Prime Minister and the leader of my party are genuine and sincere in their desire for humanitarian intervention in Libya, many in this House and outside are not genuine in that desire but are itching to have a go at Colonel Gaddafi and Libya because of their support in the distant past for the IRA, the Lockerbie bombing, al-Megrahi and other reasons. I am afraid that many of those people are using this situation as a fig leaf for intervention.

Another reason, and I know that people do not like hearing this, is oil. Oil plays a massive role in this matter and in our economic and strategic interests in Libya. There are, of course, Members in this House who hold views like those of the hon. Member for Harlow (Robert Halfon), whom I heard last week say that he is proud to intervene in as many Muslim countries as we want to.

I urge caution because there is too little information about the real situation in Libya. Comparisons have been made with Iraq. Many people said that we did not know what the real situation was in Iraq; that the war would not be easy or straightforward; that we could not just go in, blast them and take over—end of story; and that everybody would run into the streets to welcome us. That is what we were told then, and we were told that we needed to do that war. The same drums are beating now for Libya.

There is the suggestion that the whole of the Arab League and everyone in Libya is saying, "Come and help us." They are not. The states of the Arab League have their own vested interests. They are not that concerned about humanitarian issues. We talk about the rebels in Libya. Who are these rebels, when did they come about and how many are there? How deep is the resistance and the rebellion? Why is this not just seen as a civil insurrection that is going on in a country? Do we know what we will get in place of the regime?

I know that everybody is saying that we cannot tell what will happen at the end of the war, because when one starts a military intervention one does not know what will be the end. However, we should know exactly

what we are going in for and exactly what we are trying to achieve. Everybody has a romantic notion of a no-fly zone, but, as Robert Gates said, it is a euphemism for war. If we want to maintain no-fly zones we have to send in many Scud missiles and bombs, and nobody can say that there will not be any civilian destruction as a result of all the bombing. It is wrong for everyone to pretend that the no-fly zone and strategic air drops will prevent civilian casualties. There will be massive civilian casualties, and we will have exactly the situation that we had in Iraq.

I always urge people to understand—even in the case of Iraq, although I was not in the House at the time—that we in this country and this House do not really understand the middle east and north Africa. We are meddling in things that we should not meddle in, because there are so many uncertainties. In the past 10 or 12 years, America, ourselves and others have spent trillions of dollars on being involved in conflicts in the middle east, and what have we left? We have not resolved any of the situations involved or made countries any better than when we went into them.

9.10 pm

Bob Russell (Colchester) (LD): Gaddafi will not lose any sleep over anything that is said in the House, but I hope that those around him, whether they be civilian or military leaders, will take note. I was grateful to the Prime Minister, when I intervened on him about five and a half hours ago, for agreeing that those who continue to stand by Gaddafi could face their day before the war crimes tribunal. They will be hunted down and found, and they will have to answer for their actions.

Last week, I was in Afghanistan visiting our brave members of the armed forces in Helmand province. I am concerned that, as with Iraq, we will take our eye off the ball in Afghanistan. The Foreign Secretary will recall that in opposition we constantly raised concerns about the fact that our armed forces were under strength and overstretched, and we are now having cuts in the defence budget. I say to our Government that if we are to have a major role on the world stage, we must ensure that we have the forces and resources to deliver. I repeat that we must be careful about what happens in Afghanistan if we get too heavily involved in Libya. However, I back the motion and will support it.

The armed forces covenant forms part of the Armed Forces Bill, which is still proceeding through the parliamentary process. The feedback that I bring from the front line, from Camp Bastion and Lashkar Gah, is grave concern not just about the freezing of armed forces pay, which was the subject of a written statement today, but about the cuts to allowances. If we wish morale to be maintained, the Government need to look again at that.

I shall read a brief excerpt from a letter handed to me in Camp Bastion. It states:

"I joined the Armed Forces in 1982 and have progressed through the ranks from a Private soldier to a present day Major…I have never in 28 years service, complained in private or public…I am one of the very large silent majority of Armed Forces personnel that choose to serve Queen and Country. We love every day at work and truly believed that those who employ us, deploy us, or represent us, would always do their very best to look after both mine, my colleagues', and where possible my family's short and long-term interests…all my future financial plans that have been based on leaving the Army, with an immediate pension aged 55, are under attack."

The letter goes on to spell out how that long-serving Army major, formerly a private, is now seeing his financial prospects under threat.

Time prevents me, unfortunately, from reading an excellent article by Lord Gnome in the wonderful organ *Private Eye*, but suffice it to say that it refers to the many occasions on which the Labour Government sold arms to Libya and Colonel Gaddafi.

9.14 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): I am glad to have the opportunity to speak in this important debate. I congratulate my hon. Friend the Member for Bolton South East (Yasmin Qureshi) on her brave speech.

I will support the Government in the Lobby tonight, partly because I genuinely believe that only swift action at the weekend avoided a bloodbath in Benghazi, and partly because I am convinced that we have a solid legal basis for the military action. That has not always been the case.

However, the Government would be wrong to take this evening's vote as some sort of blank cheque. I point to the unsettling lack of real Arab involvement in the deployment so far. We know that the Arab League countries have plenty of military kit because we sold them most of it. Why is it not being deployed? Why are not senior Arab military people involved in the deployment?

Western-led bombardment of a Muslim country plays to the Gaddafi narrative of crusader invasion. We can knock Gaddafi, but that has a genuine visceral impact on the countries involved. There will be civilian casualties—there always are in such deployments—and it will not take many for public opinion in Arab countries to turn against the deployment. We should bear that in mind.

Let me remind the House of Colin Powell, the American Secretary of State who tried to argue against Iraq with his colleagues Bush and Cheney. He reminded them of the Pottery Barn rule. Pottery Barn is a chain in America that sells china. The rule is "You break it, you own it". If we intervene with a massive military deployment in north Africa, we will inevitably own the development of the story from here.

I am not at all sure that civilians can be protected with Gaddafi in power. I do not know how Gaddafi can be removed through air bombardment alone. The British people are very humane and I think that they understand that we intervened swiftly to save lives in Benghazi. However, I do not believe that there is a will or a willingness among them for us to get dragged into a long-running civil war in north Africa because we follow the logic of our rhetoric.

I will vote for the letter of the resolution. It is not a blank cheque. It is not the will of my constituents or British people generally to give the Government a blank cheque. We have done the right thing so far, but, as other hon. Members have said, we want Front Benchers to return to the House for a full debate before we take any further steps, which could get us involved in a third war in a Muslim country in a decade.

9.17 pm

Robert Halfon (Harlow) (Con): I welcome the debate and want to make three points, given the time available. I want to consider why we got here today, the resolution, and the role of the United Nations.

I accept that it is not only the past 10 years of policy on Libya that has caused the current problems. Indeed, we can go back to the 1950s, when the British first installed King Idris on the throne. Although he was liked and popular, he was weak. Gaddafi emerged on the scene in the late 1950s. I mentioned last week in the middle east debate that my father shook Gaddafi's hand as he walked down the streets of Tripoli as a popular colonel. The coup against King Idris was bloodless; he was in Turkey at the time. Astonishingly, there was an American air base near Tripoli, but the Americans did nothing to stop the coup. The west has therefore been getting it wrong about Colonel Gaddafi for many years, and in the past few years, it got it even more wrong.

I welcome the United Nations resolution and the Prime Minister's leadership. The no-fly zone was essential to stop a massacre of the citizens of Benghazi in particular. However, we need to go further because there is a strong likelihood, which I mentioned earlier, that Gaddafi may use mustard gas. The policy to try to contain his weapons of mass destruction went wrong. If it happens, we do not want another Halabja, which I visited not long ago, on our hands.

I agree with my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) that we must supply weapons to the resistance fighters. We cannot just leave them to Gaddafi's troops, albeit under a no-fly zone. We must also ensure that all kinds of humanitarian aid reaches the citizens of Tripoli and Benghazi and the surrounding areas.

The Leader of the Opposition said earlier that he was unsure whether this is a watershed moment in our international affairs, but I think it is. The UN has so often failed us and not intervened when it should have done, but the Libyan situation is an example of the UN behaving differently and acting in an almost united way. That is why it is a watershed moment—it marks an important moment in our international affairs.

The hon. Member for Bolton South East (Yasmin Qureshi) said that I believe in intervention everywhere, and she is not wrong. I believe in muscular enlightenment, and that it is our duty to promote freedom around the world. That need not always happen militarily; we can also use soft power—hearts and minds. However, it must be our role in the world to promote freedom, human rights, the rule of law, tolerance and women's equality wherever we can.

9.21 pm

Mr Andy Slaughter (Hammersmith) (Lab): I returned last night from a visit to Egypt, where I had the privilege of seeing Egyptian democracy in action. On Saturday, that country voted in a referendum on the amendment to its constitution. From visiting polling stations, I can say that what the Prime Minister said in his opening speech is quite correct. It is a fine example of a new democracy, from the enthusiastic queues to the independent scrutiny by the judiciary of the polling process.

I also had the opportunity to talk to people at all levels about the wider implications of the Egyptian revolution for the middle east, including Palestine, Bahrain, Yemen and Libya. I talked not only to the interim Government and to Amr Moussa, but to the opposition forces, from the youth coalition to the Muslim Brotherhood. Not one person or group to whom I spoke was opposed to the letter of the UN resolution, which is perhaps unsurprising given the empathy of the people in Tahrir square for the people of Benghazi.

Before coming to the House today, I met Arab Muslim community leaders to take their views. They, too, were broadly in favour, but they expressed views that ranged from, "We should do anything necessary to get rid of Gaddafi"—one can understand why Libyans living in Britain take that view—to, "We are already exceeding the limits of the resolution," in the sentiments that Amr Moussa has expressed.

In the brief time available, I should like to develop those caveats. First, the basic picture shows western planes bombing a Muslim Arab country and killing people, including civilians. That is why it is so important to get the support of the wider Muslim and Arab community. I hope we have done that through the Arab League resolutions.

Secondly, the problem of double standards will not go away, whether in respect of Yemen or the atrocities that have been committed over the years in the middle east, including the massacre in Syria in 1982 by the late President Assad; the massacre at Sabra Shatila by the Maronite Christians with the support of the Israeli Government; or the massacres in Gaza two years ago or in Lebanon in 2006, when, to my Government's shame, we did not even call for a ceasefire. Those double standards need to be addressed if we are to have the confidence and support of the Arab people of the middle east.

Thirdly and finally, on the limits of our aims and actions, it is not good enough for the Government to say that they are not prepared to talk about targeting. I understand why they would not want to do it. However, on the same day the Defence Secretary said that assassinating Gaddafi might be a possibility, General Sir David Richards said, "Absolutely not!" They have to address this issue.

Amr Moussa made a perfectly reasonable point. We are there to protect the lives of civilians, so we must take every possible step to ensure that our military action does not kill civilians. That is not inconsistent with the resolution. I agree with the hon. Member for Beckenham (Bob Stewart) that we cannot know what the outcome will be. Nevertheless, we have to take this action. However, we have to be aware that it will be a very long haul, and we have to be there not just in the days ahead, but in the months ahead. That is what the people of Libya will expect from this country.

9.25 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): Brevity demands bluntness, for which I hope the Government will forgive me. I support the motion, but I think that we need to be honest about the consequences of what we are taking on. First, we have crossed a threshold, and by approving this motion, the House is crossing it with our political leaders. Hon. Members

should have no illusions: there is no such thing as limited war, in all its bloody terror and dirt. Secondly, I remind the House that

"no one starts a war—or rather, no one in his senses ought to do so—without first being clear in his mind what he intends to achieve by that war and how he intends to conduct it."

So wrote Karl von Clausewitz.

The Government must admit that on that there is some doubt and the potential for confusion and indecision. The Prime Minister set that out again today when he outlined the limited aims of the UN Security Council resolution alongside our aspiration to remove Gaddafi. The former Chief of the General Staff, General Lord Dannatt, wrote at the weekend:

"Unless the military planners are crystal clear about the strategic objective to be achieved then the focusing of effort is going to be misaligned from the outset."

That is a danger we face today. He talked of how military planners are

"trained to work out the implied tasks as well, to ensure that the campaign plan fulfils entirely what the higher authority's intentions are. In this case, the specified task is the protection of civilians, but the implied task—and the end-state to be achieved—must be the removal of Colonel Gaddafi and his regime".

At times, the Prime Minister seemed to be talking as though we could just implement a no-fly zone and go home. Of course, we will have to maintain a no-fly zone until the political situation is resolved. How else is the stalemate to be resolved?

We have a duty to be clear. Either the removal of Gaddafi is the legitimate military aim, or I put it to the Foreign Secretary that we must drop it from our public statements and focus our words on the more limited task we are setting our military. We cannot do both. Clausewitz again:

"The political object is the goal, war is the means of reaching it, and the means can never be considered in isolation from their purposes."

The UK has to balance the will to obtain a preferred outcome—Gaddafi's removal—with the wider issue of security and stability.

This action derives its political credibility because of support from Libya's fellow Arab nations. Can we afford to risk losing their support or that of the United States, which acts as underwriter for the military effort? I submit not. We can succeed in preventing the atrocity in Benghazi, but should the Arab League walk away from the confrontation with Gaddafi, why should it be our fight? We had better fix our goal and military strategy accordingly rather than invite mission creep by over-extending that rhetoric.

In the meantime we must settle the other vital questions that the Prime Minister started to address. Who is in command of this operation? I would like NATO to be in charge. Who is in command of the communications strategy? Where is the Jamie Shea—he was so effective in the Balkans—of this operation? Finally, how are these matters being considered by the Government? The Public Administration Committee, which I chair, conducted an inquiry into how Government strategy is decided. Strategy is not about setting certain policies in stone; it is about the ability to adapt plans to changing circumstances. To that extent, it is not about whether we reopen the strategic defence and security review; it is about how the SDSR should be adapted to changing circumstances. We have already had six strategic shocks since the SDSR.

9.29 pm

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I believe that this debate has done justice to the seriousness of the motion before the House this evening. The House has benefited from speeches reflecting the huge experience, knowledge and concern that hon. Members bring to this debate and this decision. We heard cogent cases made by former Defence Secretaries on both sides of the House. My right hon. Friend the Member for Coventry North East (Mr Ainsworth) spoke with wisdom and authority in expressing his reluctance to put British forces in harm's way once again. The right hon. and learned Member for North East Fife (Sir Menzies Campbell) spoke with his characteristic clarity and insight on the importance of the United Nations. His insight was matched by one of his old sparring partners, the former Foreign Secretary, my right hon. Friend the Member for Blackburn (Mr Straw), who rightly urged that consideration be given now to issues of reconstruction.

Given the time available, I hope that the House will forgive me if I do not acknowledge all the contributions that we have heard in this debate. As the Leader of the Opposition made clear, we will support the Government in the Lobby this evening. We do that not because we are eager for conflict or simply because we wish to show support for our forces; we do so because we believe that this action meets three criteria: it is a just cause, with a feasible mission and with international consent. We support United Nations Security Council resolution 1973, and we are determined to see it enforced.

That determination to offer our support is matched by our determination to scrutinise this Government and ask the questions that the public deserve to have answered. Support for the enforcement of the United Nations mandate; scrutiny of the Government's conduct in its implementation—this is, and will remain, the approach of the Opposition. When military force is contemplated, Governments cannot expect—nor are they entitled to expect—unquestioning support. It is through serious and sustained scrutiny that, as the Opposition, we best serve the men and women of our armed forces. That is why, in the time ahead, the Government must ensure that this House is regularly updated. Voting for the deployment of our servicemen and women is and always should be a last resort. The personnel of our armed forces in action in Libya now and in the days ahead will be in our thoughts and prayers.

Robert Halfon: Would the right hon. Gentleman support at some stage giving arms to the opposition to Gaddafi?

Mr Alexander: That issue has already been the subject of some debate in the House today. The terms of the Security Council resolution are clear, and as I will seek to emphasise in my winding-up speech, we are under an obligation to adhere to the terms of that resolution.

I believe that it is the duty of the Government to act in what they judge to be the national interest, and that it is the duty of the Opposition to support them when they agree in that judgment. Concerned voices in this House—such as those of my hon. Friends the Members for Islington North (Jeremy Corbyn) and for Bolton South East (Yasmin Qureshi), and the hon. Members for Gainsborough (Mr Leigh) and for Brighton, Pavilion (Caroline Lucas)—are not only appropriate to this place;

[Mr Douglas Alexander]

they are appropriate to this debate. Let me therefore acknowledge from this Dispatch Box that the Opposition recognise the heavy responsibility that the Prime Minister, the Foreign Secretary and the Government have to bear in these difficult days.

The terms of the motion before the House make it clear that the Government seek explicit approval for an explicit objective. That objective is to implement UN Security Council resolution 1973, through "all necessary measures" to protect civilians and civilian-populated areas under threat of attack in Libya, and to enforce the no-fly zone. The background to the approval of the resolution has been well documented and well rehearsed today. In the context of the broader Arab spring, and in the wake of popular protests in Tunisia and Egypt, people in both eastern and western Libya took to the streets to demand a better future. In response, popular protests were repressed and the protesters beaten, imprisoned or killed. Hospitals were attacked and patients disappeared.

On Thursday, Gaddafi's troops arrived outside Benghazi, a city of roughly 700,000 people. Gaddafi promised to

"cleanse the city of Benghazi".

He told the people there:

"We will have no mercy and no pity."

Leaders of the transitional national council in the city said there would be a "massacre" that would

"be on the international community's conscience".

Although Members will have real and legitimate questions about what happens next, let us be in no doubt what would have happened last weekend if there had been no action from the international community. Not to have acted would itself have been a choice and would have led to terrible consequences. That is why, even at such a late hour, it was vital that the international community came together to act and I pay generous tribute to the work of the Government in achieving the adoption of Security Council resolution 1973.

Let me turn next to the mission and its limits. The authorisation given in that resolution was for measures to implement a no-fly zone and to protect the civilian population. Following the passage of the resolution, the US President made very clear what was expected: a ceasefire must be implemented immediately; all attacks against civilians must stop; Gaddafi's troops must be pulled back from Benghazi, Ajdabiya, Misrata and Zawiyah; and humanitarian assistance, electricity and water must be allowed through. Gaddafi has ignored that expectation and so the Government are asking today for the endorsement of a mission subject to very specific limits, which are laid down in resolution 1973. They do not ask for—and would not be entitled to—a mandate to pursue armed regime change.

Everyone in this House, including senior Ministers, must recognise the importance of the words they choose and speak with care and clarity. So given the earlier remarks of the Defence Secretary about the possible targeting of Gaddafi and the categorical rejection of this position by the Chief of the Defence Staff, I hope that the Foreign Secretary, when he winds up, will bring both clarity and coherence to the Government's position. The House deserves it and our armed forces need it.

We should all be mindful that this conflict will be fought on the airwaves as well as in the air. To maintain pressure on Gaddafi and sustain international support, the House should be crystal clear that the mission is to protect Libya's population, not to choose Libya's leadership. That decision should rest only with Libya's people.

Let me also raise the issue of ground forces. Security Council resolution 1973 is clear that although it authorises the protection of civilians, that authorisation excludes

"a foreign occupation force of any form on any part of Libyan territory".

The communiqué from the Paris summit concludes that

"we recall that UN Security Council resolution 1973 does not allow for any occupation of, or attempt to occupy the Libyan territory".

The US President went further in saying

"we will not—I repeat—we will not deploy any U.S. troops on the ground."

Last week, the Prime Minister said

"no ground troops and no occupying force".—[*Official Report*, 18 March 2011; Vol. 525, c. 621.]

No one asks for—and no one would be entitled to—a mandate for an occupation of Libya, but Members deserve clarity, which I hope the Foreign Secretary can provide, about in which circumstances, if any, UK personnel would be authorised to enter Libyan territory.

We will support the Government tonight not simply because it was vital to avoid what the right hon. and learned Member for North East Fife warned would be the "slaughterhouse of Benghazi". The impact of that decision—the decision we take tonight—will be felt not only in Tripoli but in other capitals across the region and across the world. I believe that for the United Nations, this now represents a test of faith as well as of strength. In the face of the global challenges we face, we need strong and effective multilateral institutions, so the United Nations should be the focus both of diplomacy and of action.

The lasting shame of Rwanda, Somalia, Srebrenica and East Timor cannot, of course, be removed in one Security Council resolution, but this resolution can give new life to the doctrine that developed in response to those failures—the responsibility to protect. That should not hide the fact that military action almost always leads to the loss of life, but it should give us courage that the motion tabled today reflects the broadest consensus of international views, approved by the highest multilateral body. If we believe in a responsibility to protect, if we believe that multilateral institutions should be used for the protection of civilian life, discussion should be followed by decision and by action.

Many Members from both sides of the House have mentioned the situations in Bahrain and in Yemen, which are both deeply concerning and deteriorating. Notwithstanding its historical ties, Britain must be unequivocal in its condemnation of the violence, and must make it clear to both the Bahraini and the Yemeni Governments that a security response cannot be an alternative to political reform.

The commencement of military action should not be a signal that the time for diplomacy is over. This crisis will test not just our military strength, but our diplomatic skill and stamina. It is vital that the diplomatic work continues to hold together this precious coalition. I welcome the Prime Minister's announcement

of regular political-level meetings of the coalition, and I would welcome a clear and continuing role for the Arab League.

I hope that the Foreign Secretary will be able to update the House on the work that is being done to sustain support in the region, to increase pressure on the countries that have allowed their citizens to become mercenaries in Libya, and to sustain non-military pressure on the regime. Our commitment to Libya's future, through our membership of the European Union, must be serious and long-term. The whole House will wish to know what work is under way on contingency planning for post-conflict reconstruction. What are the structures equal to this immense task, who will lead the work, and how will the House be assured that this vital work is being done? We should also bear in mind that Britain needs to be working, now, on a trade, aid and civil society response in case the Libyan people choose a new future.

The House has the privilege of discussion, but it also has the responsibility of decision. All of us who will support and stand with the Government tonight must have the humility to acknowledge that, at this moment of decision, we cannot say for certain what lies ahead. Intervention, even in support of humanitarian ends, brings with it unforeseen and uncertain consequences, but by our decision tonight we will be supporting action that has already prevented the foreseeable and certain killing of many Libyan citizens. We will also be supporting action that has broad support in the region and is underpinned by a Security Council resolution that authorises the necessary force required to protect the Libyan people.

We have a legal, political and moral mandate to act to protect civilian life. That is the international community's responsibility, that should be Britain's choice, and so that must be the House's decision. I urge all Members to support the motion.

9.42 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): We have heard 50 speeches tonight, and I have listened to the vast majority of them. Every single one has raised proper questions and issues. It will, of course, be impossible to respond to all of them in the 16 minutes that remain, but I will do my best to respond to the general themes and to some of the specific questions.

The debate has naturally focused on UN Security Council resolution 1973 and the situation in Libya, but many Members have pointed out that there are wider conclusions to be drawn, and a need to address our policy on the entire region. The right hon. Member for Blackburn (Mr Straw), for instance, referred to the dramatic changes that have taken place throughout the region: changes that may already constitute the most important event of the early 21st century—even more important than 9/11 or the 2008 financial crisis—in terms of their possible consequences.

If many of the countries of the middle east turn into stable democracies and more open economies, the gains for our security and prosperity will be enormous. If they do not, the potential breeding grounds for terrorism and extremism will prosper. That is why it is so much in our national interest to address these issues, and why my right hon. Friend the Prime Minister and I have argued that the response of the whole of Europe must be as bold, as ambitious and as historic in its intentions as these events are in their nature. We should be holding out to the countries of the middle east the prospect of free trade, areas of customs union and a new economic area with the European Union. We should be providing it with incentives and acting as a magnet for positive change in that region.

We can be optimistic about the prospects for positive change in many of those countries. In Egypt, the Egyptian army's decision to protect the people kept the spotlight firmly where it was supposed to be—on a Government who had to listen to people's aspirations. In Tunisia, too, after deplorable violence against unarmed protestors, the Government crumbled, accepting the will of the people and beginning a transformation of the political system. The situation in Libya is completely different. In the past three weeks we have heard reports of soldiers being burned alive for refusing to obey orders to crush the protests. We have seen the use of mercenaries to slaughter civilians, the cutting off of food, electricity and medical supplies to population centres and the broadcast of televised threats to purge whole cities and to hunt down people in their homes. Just today, after the announcement of a second ceasefire by the Gaddafi regime, Reuters has reported that Gaddafi's forces fired on a crowd of unarmed people late today in the centre of the city of Misrata. In Ajdabiya, there have been reports of body thefts, with military casualties being made to look like civilian casualties. Al-Jazeera reports that Gaddafi's forces continue to shell the town of Zintan heavily and that they have given residents two hours to surrender or face total execution. That is what passes for a ceasefire according to the Gaddafi regime.

It is against that background that the House has today weighed carefully the arguments that we have presented for and against our military actions. There has been nothing gleeful or gung-ho about the atmosphere in the House and there is nothing gung-ho about the atmosphere in and decisions of the Government. The great majority of hon. Members who have spoken today have spoken in support of the Government's actions and the motion, and many explained that they did so with reluctance or regret. The Government have approached this issue with the same sense of gravity.

It was fascinating to listen to my hon. Friend the Member for Keighley (Kris Hopkins), who spoke of the horror of violence. My hon. Friend the Member for Milton Keynes North (Mark Lancaster), who has served in three wars in the past decade, pointed out that nobody who has served in them ever wants to be involved in one again. Hon. Members have wrestled with their consciences. The hon. Member for Walsall North (Mr Winnick) said that he was debating with himself and for a moment he did, indeed, debate with himself in front of the whole House, which was quite a spectacle. The fact that he should be wrestling with his conscience illustrates the difficulty of the choices we face and the general unity that the House has come to, which is not an automatic or unthinking unity but is because we think it right to act in this situation. We are conscious that any military action can involve loss of life, but we are clear that when our armed forces take action they take the greatest care to avoid civilian casualties. When our pilots were on their mission last night and thought that civilians were in danger, they turned back—what a

[Mr William Hague]

contrast with a regime that turns its guns on its own people and regards the lives of its citizens as mere shields.

We are clear that we are engaged in this action to protect the civilian population and we were clear, as last week went on, that we had to act with all possible speed. That is why we moved heaven and earth, diplomatically, to pass the UN resolution on Thursday night. Yes, we took a risk in doing that because nine positive votes are required in the Security Council and there can be no vetoes. To have been defeated on that resolution would have made it hard to take any subsequent action, but any later would have been too late. Once the resolution was passed, we had to move with all possible speed. As the House knows, the Cabinet met on Friday morning to consider the UN resolution at length, with the legal advice of the Attorney-General in front of us for all members to read, and the Prime Minister came to the House at the earliest possible moment to state our intention.

Some hon. Members have asked whether the House should have sat on Saturday to consider the motion; of course, in future instances, that can be considered, but they should be clear that to effect the situation, we had to give the orders for military action on Saturday afternoon. Other hon. Members have asked that there be no mission creep. I am happy to assure them that if the Government ever fundamentally change the nature of the mission that we have described to the House, we will return to the House for a further debate to consult it again. We will also enshrine in law for the future the necessity of consulting Parliament on military action.

My right hon. and learned Friend the Member for North East Fife (Sir Menzies Campbell) quite rightly asked—the shadow Foreign Secretary echoed this—what debate we would be having today had we not taken action last week. How many people would now be wringing their hands? How many would be lamenting the fate of a proud city and the lives of people who live there?

Jim Dowd: Will the right hon. Gentleman give way?

Mr Hague: I will mention the hon. Gentleman in a moment, so he can intervene then, but I am trying in a very short time to answer the questions that have been asked. How many extra tens of thousands of people would now be streaming to the borders? We should be proud that our forces were able to respond in time. One of the reasons—the main reason—why people have heard of forces from only the United States, France and the United Kingdom going into action is that they are among the few countries in the world with the capability to act so quickly. It is not necessarily that other countries are unwilling; their capability is not as great.

The reason why we were able to act in that way and win such support at the United Nations is that the support—the call—of the Arab League for a no-fly zone and the protection of the people of Libya was unprecedented. That has had an enormous impact. The hon. Member for Brent North (Barry Gardiner) gave the other side of the argument, and asked why Britain should get involved. Given the background—we are one of the five permanent members of the United Nations Security Council, one of only three of those members who believed that it was necessary to take action, and one of the few countries with the military capability to do something about the situation—if we had not got involved in the resolution and the action, then such a resolution and such action would probably not have happened at all. That is our responsibility in the United Kingdom, as well as our clear national interest. As my right hon. Friend the Prime Minister has said, it is not in our national interest for a dangerous dictator with a record of violent acts beyond his own country to run a pariah state on the very edge of the European Union.

Mr Allen: Will the Foreign Secretary give way?

Mr Hague: I will not. I give way hundreds of times in other debates, but I am trying to answer the points made today.

It is not in our interests for Egypt and Tunisia to be destabilised. Of course, the action that we have taken is not without risks and dangers to our armed forces and the people we are trying to help, and many hon. Members have highlighted the risks involved, but as the Leader of the Opposition said in a powerful speech, the argument that we do not know the sequence of events to come is not an argument for inaction. As was said by the hon. Member for Lewisham West and Penge (Jim Dowd), who was trying to intervene, just because we have made mistakes in the past, it does not mean that we should not try to do something right; I absolutely agree with him.

My hon. Friend the Member for Penrith and The Border (Rory Stewart) made a memorable and powerful speech, and I would love to hear the 60-minute version, not the six-minute version. He reminded us that our mission is to protect human beings, and that the temptation to dig ever deeper in all such situations must be resisted. We are conscious of that in the Government. As my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) pointed out, we are seeking to implement the United Nations resolution so that the people of Libya can determine their own future. We will make every effort to maintain and consult our broad coalition, closely consulting the Arab League and working with our NATO partners, including Turkey, as several hon. Members have asked us to do.

Some Members asked what the Arab League intended to say. I spoke to Mr Amr Moussa yesterday afternoon—the Prime Minister spoke to him today—and he made it clear to me that he did not mean to criticise the mission, and he supports the UN resolution and its enforcement. Others have asked if our approach is part of a wider approach to the region and a commitment to the middle east peace process; it certainly is. They asked whether we will make conflict prevention central to our policy; yes, of course we do, as we have shown recently in Sudan. They asked whether we will plan for different scenarios, including humanitarian assistance when it is necessary; yes, we certainly are doing so.

Some of my hon. Friends have asked whether this decision showed that an aircraft carrier should have been retained, but I can tell them that the Tornado aircraft that are most suited of all to perform these missions could not have been flown from an aircraft carrier. Other hon. Members have asked whether the

costs will be met from the reserve, and I can tell them that they will. We have also been asked to look carefully at all legal advice on the meaning of the arms embargo of paragraph 4 of the resolution, and of course we are doing so.

In the case of Libya, the desire to be rid of a decaying dictatorship has run up against a regime that has shown itself to be one of the most ruthless, unprincipled and savage. The Arab world and the western world care about the civilians of Libya, but their Government do not. We are determined to stop violence, bloodshed and suffering—the very things that the Gaddafi regime is happy to unleash. When the Prime Minister said in the House three weeks ago that we should not just stand by if Colonel Gaddafi used military force against his own people, he was seen by many as being too bold. But he meant what he said, and we mean to stand by his words just as we are standing by the people of Libya.

With our allies and partners, we have carried through the United Nations Security Council a resolution that is clear, unequivocal and comprehensive, and that leaves the legality of what we are now doing not in the slightest doubt. We have acted at the behest of the Arab League, and are joined by Arab nations. We have taken every care to ensure that doubts about lawfulness and regional support, such as those that have dogged earlier decisions, do not apply in this case. As my hon. Friend the Member for Halesowen and Rowley Regis (James Morris) said, we are right to act but right not to act alone.

This is not the west imposing its views on Libya; it is the world saying that the people of Libya should be allowed to express their views without their Government setting out to slaughter them. We are not trying to choose the future Government of Libya. That is a matter for Libyans, who must find their own solution to the mis-government that they have been subjected to, but this resolution, and our enforcement of it, gives them their only chance of being allowed to do so. This is not a legal fudge or a questionable interpretation of international law; it is the rigorous application of international law. Our actions are all the stronger for the breadth and determination of the international coalition, but they are also stronger for the breadth and determination of this House, which we have seen today.

The brave members of our armed forces who have patrolled the skies above Benghazi today or flown through the night to destroy the air defences of a regime that used air power against its own citizens can know that they do so armed not only with the weaponry that they are so well trained to deploy but with every advantage of knowing that what they do is legally warranted, morally necessary, internationally supported and, I hope, democratically agreed through a vote of this House of Commons. They can have the satisfaction of knowing that, in precipitating the retreat of Gaddafi's forces from Benghazi, they have already averted a catastrophe and a new outpouring of human misery. In pressing our case at the United Nations, in insisting that what we do must be legal, in taking extreme care to protect civilians and in acting with a speed and precision that few armed forces on Earth can rival, this country is doing what it said it would do, doing what is absolutely right and joining in giving a lead to the world, and it should enjoy the united support of the House tonight.

Question put.

The House divided: Ayes 557, Noes 13.

Division No. 235] **[9.58 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Adams, Nigel
Afriyie, Adam
Ainsworth, rh Mr Bob
Aldous, Peter
Alexander, rh Danny
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Austin, Ian
Bacon, Mr Richard
Bagshawe, Ms Louise
Bailey, Mr Adrian
Bain, Mr William
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Balls, rh Ed
Banks, Gordon
Barclay, Stephen
Barron, rh Mr Kevin
Barwell, Gavin
Bayley, Hugh
Bebb, Guto
Beckett, rh Margaret
Begg, Dame Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackman-Woods, Roberta
Blackwood, Nicola
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buck, Ms Karen
Buckland, Mr Robert
Burden, Richard
Burley, Mr Aidan
Burnham, rh Andy
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Byrne, rh Mr Liam
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, Mr Alan
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Mr William
Caton, Martin
Chapman, Mrs Jenny
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clarke, rh Mr Tom
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Coffey, Dr Thérèse
Collins, Damian
Cooper, rh Yvette
Cox, Mr Geoffrey
Crabb, Stephen
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crockart, Mike
Crouch, Tracey
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
Davey, Mr Edward
David, Mr Wayne
Davidson, Mr Ian
Davies, David T. C. *(Monmouth)*
Davies, Geraint
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick

De Piero, Gloria
Denham, rh Mr John
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Dorrell, rh Mr Stephen
Dorries, Nadine
Dowd, Jim
Doyle, Gemma
Doyle-Price, Jackie
Drax, Richard
Dromey, Jack
Duddridge, James
Dugher, Michael
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellis, Michael
Ellison, Jane
Ellman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie
Engel, Natascha
Esterson, Bill
Eustice, George
Evans, Chris
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr Frank
Field, Mr Mark
Fitzpatrick, Jim
Flello, Robert
Foster, rh Mr Don
Fovargue, Yvonne
Fox, rh Dr Liam
Francis, Dr Hywel
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Gapes, Mike
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Gilmore, Sheila
Glass, Pat
Glen, John
Glindon, Mrs Mary
Goggins, rh Paul
Goldsmith, Zac
Goodman, Helen
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greening, Justine
Greenwood, Lilian
Grieve, rh Mr Dominic
Griffith, Nia
Griffiths, Andrew
Gummer, Ben
Gwynne, Andrew
Gyimah, Mr Sam
Hague, rh Mr William
Hain, rh Mr Peter
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Hanson, rh Mr David
Harman, rh Ms Harriet
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Havard, Mr Dai
Hayes, Mr John
Heald, Mr Oliver
Healey, rh John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendrick, Mark
Hendry, Charles
Herbert, rh Nick
Heyes, David
Hillier, Meg
Hilling, Julie
Hinds, Damian
Hoban, Mr Mark
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kelvin
Hopkins, Kris
Horwood, Martin
Hosie, Stewart
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Irranca-Davies, Huw
Jackson, Mr Stewart
James, Margot
Jamieson, Cathy
Jarvis, Dan
Javid, Sajid
Jenkin, Mr Bernard
Johnson, rh Alan
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Mr Marcus
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Kawczynski, Daniel
Keeley, Barbara
Kelly, Chris
Kendall, Liz
Kennedy, rh Mr Charles
Khan, rh Sadiq
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lammy, rh Mr David
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Lavery, Ian
Laws, rh Mr David
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Chris
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Mr Ivan
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Lloyd, Tony
Llwyd, rh Mr Elfyn
Lord, Jonathan
Loughton, Tim
Love, Mr Andrew
Lucas, Ian
Luff, Peter
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Main, Mrs Anne
Mann, John
Marsden, Mr Gordon
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCartney, Jason
McCartney, Karl
McClymont, Gregg
McCrea, Dr William
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McIntosh, Miss Anne
McKechin, Ann
McKinnell, Catherine
McLoughlin, rh Mr Patrick
McVey, Esther
Meacher, rh Mr Michael
Mearns, Ian
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moon, Mrs Madeleine
Moore, rh Michael
Mordaunt, Penny
Morden, Jessica
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Morris, Grahame M. *(Easington)*
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munn, Meg
Munt, Tessa
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nandy, Lisa
Nash, Pamela
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Osborne, Sandra
Ottaway, Richard
Owen, Albert
Paice, rh Mr James
Paisley, Ian
Parish, Neil
Patel, Priti
Pawsey, Mark
Pearce, Teresa
Penning, Mike
Penrose, John
Percy, Andrew
Perkins, Toby
Perry, Claire
Phillips, Stephen
Phillipson, Bridget
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pound, Stephen
Prisk, Mr Mark

Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Raynsford, rh Mr Nick
Reed, Mr Jamie
Rees-Mogg, Jacob
Reevell, Simon
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Reynolds, Jonathan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, John
Robinson, Mr Geoffrey
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Rudd, Amber
Ruddock, rh Joan
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Sarwar, Anas
Scott, Mr Lee
Seabeck, Alison
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Sharma, Mr Virendra
Sheerman, Mr Barry
Shelbrooke, Alec
Shepherd, Mr Richard
Sheridan, Jim
Shuker, Gavin
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Nick
Smith, Owen
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spellar, rh Mr John
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Straw, rh Mr Jack
Streeter, Mr Gary
Stuart, Ms Gisela
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Sutcliffe, Mr Gerry
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tami, Mark
Tapsell, Sir Peter
Teather, Sarah
Thomas, Mr Gareth
Thornberry, Emily
Thurso, John
Timms, rh Stephen
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Truss, Elizabeth
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Tyrie, Mr Andrew
Umunna, Mr Chuka
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, rh Keith
Vaz, Valerie
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walley, Joan
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whittaker, Craig
Whittingdale, Mr John
Wicks, rh Malcolm
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Chris
Willott, Jenny
Wilson, Phil
Wilson, Mr Rob
Winterton, rh Ms Rosie
Wishart, Pete
Wollaston, Dr Sarah
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Bill Wiggin and Mark Hunter

NOES

Allen, Mr Graham
Baron, Mr John
Campbell, Mr Ronnie
Corbyn, Jeremy
Durkan, Mark
Gardiner, Barry
Godsiff, Mr Roger
Lucas, Caroline
McDonnell, John
Riordan, Mrs Linda
Ritchie, Ms Margaret
Skinner, Mr Dennis
Wood, Mike

Tellers for the Noes:
Katy Clark and Yasmin Qureshi

Question accordingly agreed to.

Resolved,

That this House welcomes United Nations Security Council (UNSC) Resolution 1973; deplores the ongoing use of violence by the Libyan regime; acknowledges the demonstrable need, regional support and clear legal basis for urgent action to protect the people of Libya; accordingly supports Her Majesty's Government, working with others, in the taking of all necessary measures to protect civilians and civilian-populated areas under threat of attack in Libya and to enforce the No Fly Zone, including the use of UK armed forces and military assets in accordance with UNSC Resolution 1973; and offers its wholehearted support to the men and women of Her Majesty's armed forces.

Members' Salaries

10.18 pm

The Leader of the House of Commons (Sir George Young): I beg to move,

That the following provision shall be made with respect to the salaries of Members of this House—

(1) For the period beginning with 1 April 2011 and ending with the relevant day, the rates of—

(a) Members' salaries, and

(b) additional salaries payable to Members under Resolutions of this House in respect of service as chairs of select or general committees, shall be the same as those salaries as at 31 March 2011.

(2) In paragraph (1) the "relevant day" means—

(a) the day before the day on which the first determination of Members' salaries by the Independent Parliamentary Standards Authority comes into effect, or

(b) 31 March 2013,

whichever is the earlier.

(3) Paragraphs (9), (10) and (12)(b) of the Resolution of 3 July 2008 (Members' Salaries (No. 2) (Money)) cease to have effect on the day this Resolution is passed.

(4) The remaining provisions of that Resolution cease to have effect on 1 April 2011.

We move now to MPs' pay. *[Interruption.]* Mr Speaker—

Mr Speaker: Order. I apologise for interrupting the right hon. Gentleman. I fully understand that right hon. and hon. Members are not that interested in hearing speeches about their own pay, but I hope that as a courtesy to the Leader of the House those Members who are disinterested and inclined to leave the Chamber will do so quickly and quietly, so that those who wish to hear the Leader of the House can do so.

Sir George Young: The whole House will be keenly aware of the country's difficult financial situation, and both sides of the House accept that we have a substantial structural deficit, which must be brought down. The Government have had to take difficult decisions throughout the public sector, including imposing a two-year pay freeze on public sector workers earning more than £21,000. Hon. Members must now decide whether their constituents would welcome Parliament exempting itself from that policy and thus insulating itself from decisions that are affecting households throughout the country, or whether, as I believe, the public expect their elected representatives to be in step with what is being required of other public servants. I believe that it is right for us, as Members of Parliament, to forgo the pay increase that the current formula would have produced.

Mr Edward Leigh (Gainsborough) (Con): I quite agree that Parliament should not exempt itself, but I was under the impression that we were never going to vote on our pay again.

Sir George Young: I will come in a moment to the point about whether we should overturn the decision that we took in July 2008. Let me briefly set out the background. On 3 July 2008, the House agreed a new formula for uprating Members' salaries, which is what I think my hon. Friend was referring to. The annual percentage increase would be the median of a basket of public sector comparators, and this percentage would be calculated by the Senior Salaries Review Body and notified to you, Mr Speaker, in a letter from its chairman. That percentage increase would then take effect automatically from 1 April.

That system has considerable advantages. It provides a fixed uprating formula so that we do not determine our own salaries. It is transparent, as the formula and the SSRB's determination are there for everyone to see. It is also fair in that it provides a link between the salary of a Member of Parliament and the salaries of others in the public sector. Those are the virtues that the Government usually believe should underpin any system for determining our salaries—independence, transparency and fairness. We have therefore not taken lightly the decision to set aside the pay increase and thereby abandon the formula.

As I said, the Government's decision to invite the House to agree to a pay freeze is the product of the difficult fiscal situation in which we have to find significant cost savings across the public sector. As my predecessor as Leader of the House, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), said in the 2008 debate:

"given that MPs are paid from the public purse, we should show the same discipline in our pay increases as we expect from the public sector."—[*Official Report*, 3 July 2008; Vol. 478, c. 1062.]

Jim Dowd (Lewisham West and Penge) (Lab): The right hon. Gentleman is a decent fellow, but this is not quite the full story. The full story is that no Government have ever resisted the temptation to poke their nose into this business. We have set up mechanisms, to which the hon. Member for Gainsborough (Mr Leigh) referred, and said that they should be independent and we should go along with them, and then when it suits the Government of the day—not just this Government but any Government—they change the rules. That completely undermines any claim they make to believe in independent mechanisms. Either we come forward with what the independent review mechanism says, or we do not. This Government, like their predecessors, are poking their nose in where it does not belong.

Sir George Young: I should like to address very directly the hon. Gentleman's point about the independence of the review that we are overturning. He rightly says that by bringing this motion before the House, a Government are once again asking Members to vote on their own remuneration—something that we believed we had put behind us. He asks the very good question as to why we are asking the House to reject the independent findings of the SSRB and whether the SSRB is unable to take on board issues of the kind that I have been talking about. The short answer is this: the system that was introduced in 2008 provided an objective mechanism for determining our pay, but it was a long way from being independent. The formula was devised by the previous Government and endorsed by the House, and in no sense could it be said to be independent.

For those, like the hon. Gentleman, who say that we are substituting our own judgment on this issue for that of the independent SSRB, I remind the House of what the chairman of the SSRB, Sir Bill Cockburn, said in his letter to you, Mr Speaker, on 19 January. He said:

"I should emphasise that the SSRB has no discretion in making this determination but simply applies the formula set out in the Resolution. We were not consulted when the Resolution

was drawn up. The resulting figure is not what the SSRB would have recommended had we been able to have regard to all the circumstances including, this year, the Government's pay freeze for public sector workers paid more that £21,000 a year."

In a nutshell, the SSRB is saying that if its hands had not been tied by the House, it would not have recommended the 1% pay increase that came before us in January. If the hon. Gentleman looks at the pay recommendations for other professions published today by the SSRB and the Review Body on Doctors' and Dentists' Remuneration, he will see that no uplifts are recommended for those earning more than £21,000.

Mr Graham Allen (Nottingham North) (Lab): The Leader of the House is making a convincing argument that the SSRB, or whichever independent body we choose, should be more independent, not less. What he is doing tonight, of course, is renationalising the terms and conditions of MPs' salaries, which is going in exactly the wrong direction. Does he accept that this matter will go on and on, and that MPs will be undermined consistently by the media and the public until we have a wholly independent authority that does not come back to this House or to the Government for a final decision?

Bob Russell (Colchester) (LD): We do not want IPSA.

Sir George Young: I say to the hon. Member for Nottingham North (Mr Allen) that that is exactly the process that we are moving towards, although it will disappoint the hon. Member for Colchester (Bob Russell). I will now come to what happens next.

Mr Peter Bone (Wellingborough) (Con): What I do not understand from the Leader of the House is, if this increase is based on an average of public service salaries, are we not simply getting what the rest of the public services are getting?

Sir George Young: If my hon. Friend looks at the comparator, he will see that it includes a number of people who earn less than £21,000 and that, crucially, it includes settlements that were made before the last election. To that extent, it lags behind the public sector pay freeze that we announced in the Budget.

To answer the point raised by the hon. Member for Nottingham North, the 2008 resolution also requires the SSRB to conduct a review of Members' salaries in the first year of each new Parliament. By rescinding the resolution in its entirety, the motion removes the requirement for the SSRB to conduct such a review this year. The review of Members' salaries will instead take place following the commencement of section 29 of the Constitutional Reform and Governance Act 2010, which will transfer the determination of our salaries to IPSA on a statutory basis. As I said at business questions last week, the Government intend to commence that section shortly. If, in future, the House wants to overturn any recommendations, it will require primary legislation, not a 90-minute debate such as we are having this evening.

Mr Mark Field (Cities of London and Westminster) (Con): Given the self-denying ordinance that the Leader of the House is proposing today for salaries, will he give a commitment that he will bring in primary legislation to ensure that there will be no increase in allowances for the next two years under IPSA, or is this the same old story that we have had in the past of holding the salary in a blaze of glory, and turning around and seeing allowances increased?

Sir George Young: There is no intention of doing that.

The Government's policy is to have a public sector pay freeze for those earning more than £21,000 a year. Members of Parliament clearly earn more than that. I think that it would be unacceptable for those earning just more than £21,000 to have no increase and for Members of Parliament earning three times that sum to get a salary increase of about £650. That is why I think it is right this evening to ask the House to freeze our salaries. I very much hope that the House will approve the motion in my name and that of the Deputy Leader of the House.

Mr Speaker: I have not selected the amendment, so the Question is as on the Order Paper.

10.28 pm

Hilary Benn (Leeds Central) (Lab): I think that the House recognises why the Leader of the House has tabled this motion, especially at a time when many in the public sector face a pay freeze, as he pointed out. To put it starkly, the public would find it hard to understand it if we got a pay rise when they are not getting a pay rise. That is why we will support the motion.

As the right hon. Gentleman pointed out, we face this decision because the Senior Salaries Review Body is currently responsible for determining MPs' pay, and it sets the salary in line with salaries in the civil service, using a fixed formula. He was right to point out that the chairman of the SSRB hinted in his letter that it would have done something different if it had not been bound by the formula. However, as the Leader of the House will be aware from the interventions that he took, there is no hiding the unease that Members throughout the House feel at being asked once again to vote on their pay, just when we thought we had got rid of the responsibility following the decision taken by the House in 2008. I therefore welcome what he said at business questions last week when I asked him about his intention to initiate IPSA taking responsibility for MPs' pay, as is required in the legislation that he mentioned. He said that he would do so "shortly", and that must be right, because the sooner responsibility is transferred the better, not least because we should not be taking decisions such as this.

Finally, although the motion is only about pay, we will in due course have to consider the question of deferred pay, in other words pensions. It would be very helpful if the Deputy Leader of the House, if it is he who winds up the debate, could say something about how the Government intend to handle the matter in the light of Lord Hutton's recent report, and about the likely timetable for pensions, too, being handed over to IPSA, subject of course to the House being fully satisfied about the protection of acquired rights.

10.31 pm

Mr Charles Walker (Broxbourne) (Con): It is absolute agony that we are having this debate this evening after we have had such a fantastic and informed debate on Libya. It goes to prove that there is never, ever a good time to talk about MPs' pay and conditions.

[Mr Charles Walker]

However, the debate comes under the heading "Boring but important". Let us cast our minds back to May 2009, when this House and this democracy that we love so much went through a period of enormous upheaval. I remember that there were great protests outside Parliament—nothing to do with pay and expenses, but enormously voluminous protests. I used to stand in the yard listening to the protests and imagine what it must have been like at the Bastille 220 years earlier in 1789, with the hordes outside. I would close my eyes and think, "Will I get the piano wire or will I get the guillotine?" I think my constituents were rather wishing I would get both and they would both be very slow. It really was an appalling time for this country—this proud democracy brought low by something as innocuous as pay and expenses.

We all vowed in 2009 that we had learned our lessons. Indeed, in 2008 we had started the process of repair by, on 3 July, voting to remove responsibility for pay from our hands. The process of reform was in train. I took great relief, during the debates in 2008 and 2009, from the fact that at last we were not going to have these agonising evenings in the House, but here we are again, having another agonising evening.

We, as Members of Parliament, are brilliant at not only setting our own bear traps but then jumping into them. I feel that that is what we are doing tonight, because the motion has been introduced by the Executive. I know that MPs, both those who served from 2005 to 2010 and our new colleagues, are much chastened by what happened in 2009. We are reforming ourselves from within, and we are not actually as stupid as some people would have us believe. I have absolutely no desire or ambition to accept a 1% pay rise. All that I sincerely wish is that the Back Benchers of this place had been allowed to propose their own motion.

I understood that there was cross-party agreement between the Opposition, the party of government and our colleagues in government, the Liberal Democrats, and I thought there was a real desire and move for a Back-Bench motion that would allow us, as Back Benchers, to do the right thing by this country and our constituents by postponing the pay rise for two years. I am therefore saddened that the Executive have brought forward tonight's motion. Much play has been made of the new politics, which is not about expediency because expediency gets us into such trouble. The motion is expedient and it lays a future bear trap for us. I wish that we were not here, once again, discussing the tedious subject of our pay and conditions.

10.34 pm

John Mann (Bassetlaw) (Lab): Here we are again. On 3 July 2008, the Speaker did not select my amendment. Last year, the same thing happened. Today, again, the Speaker has not selected my amendment. Democracy has not been the better for it. My amendment in 2008 would have prevented the practice of flipping homes. My amendment tonight would have reaffirmed the principle that we should not determine our own pay.

I will not vote for or against my pay tonight, and I urge others to do the same—not to abstain, but to refuse to vote. The motion removes the principle of our not determining our pay. It is not simply a decision on the SSRB proposals; it revokes the decision on independence without anything more than a vague promise that, at some stage, the Government will get around to tabling amendments to have IPSA set pay. The Government have had plenty of time in recent weeks to table such an amendment, and they have chosen not to do so.

Tessa Munt (Wells) (LD): If everything is to go to IPSA, so be it, but I am in the position, as a new Member, of not knowing what will happen to my staff pay 11 days hence, from 1 April. That is a disgraceful situation in which to be. None of us can work out what will happen to our staff. I have to renew contracts in 11 days, and I do not know what to do.

John Mann: That shows the muddle that the Government and Parliament have got into. Instead of resolving those problems, whether one or other of us likes it or not, in a way that is crystal clear, within which we can work and that the public can see, we go round in circles. Here we go again.

Having been through the pain, which is not yet over, of the expenses scandal, and eventually decided that we should not determine our own pay, and having all allegedly agreed the principle, we are suddenly back where we started—deciding our own pay. The issue tonight is not the amount of the pay—that is a small part of the matter. Of course, it will always be important to Members and even more important to the general public. However, to breach the principle so unnecessarily and cack-handedly lays us open to ridicule. The House should get its act together on pay and expenses and say that we will not break the principle of not setting our pay, conditions or expenses, because that is precisely the problem that got us into the scandal in the first place. We must learn the lesson of putting it outside, keeping it there and not interfering with it. Whether it is comfortable or uncomfortable, whatever the level, whether we like it or the general public do not like, it should be determined independently, not by us.

I appeal to Members to refuse to vote either way on the pay, thereby not breaching the principle that it should be determined independently or agreeing that it should be brought back in-house because if we do that, we will rue the day, and pay and expenses will come back again and again to bite us. We should put that behind us.

10.39 pm

Mr Mark Field (Cities of London and Westminster) (Con): It is universally accepted by anthropologists that one sign of higher animal intelligence is the ability to learn from experience. As the Leader of the House moved the motion, one was inclined to ask, "Have we in the House of Commons learned nothing from the calamity of the expenses scandal?"

I agree with hon. Members who said that the general public must be dismayed at Parliament's continuing inability to put its house in order in relation to such matters, especially in view of the tumultuous events out there in the real world. How can we earn public respect and work in the national interest to solve this country's acute economic problems and to reform public services, let alone to assert Britain's place in the world, which we debated earlier, when we have so abjectly and continually failed to sort out our immensely damaging internal difficulties?

As the Leader of the House pointed out, after the expenses scandal, Parliament charged Sir John Baker, the then retiring SSRB chairman, to conduct a review. He was asked to make recommendations for a mechanism by which the pay and pensions of MPs could be independently determined—one that did not involve MPs voting on their own pay. His report, which was published in July 2008, recommended that MPs' pay should be uprated annually in line with the public sector average earnings index, with a more general review of MPs' salaries by the SSRB to take place in the first year of each Parliament.

That was supposed to be the end of the matter, with the embarrassing spectacle of MPs setting their salaries becoming a thing of the past—or so we thought. Of course, the unredacted receipts were published by *The Daily Telegraph* in May 2009, and suddenly the entire political class blissfully agreed on the root of the problem. Members and political commentators acknowledged that the widespread misuse by many MPs—I am afraid that it was many MPs—of second home and staff budgets, which as we all know helped to terminate several dozen parliamentary careers, came about largely as a result of Parliament voting down independently awarded salary increases.

For many years, the Executive have been overly concerned by the immediate public reaction to headline salary uplifts. As a result, subsequently, a blind eye was continually turned to the widespread misuse of the parliamentary expenses scheme, which became an income-enhancing allowance. Since the ground-breaking public revelations in *The Daily Telegraph*, the universal refrain from Parliament's great and good—the Speaker's Commission, the Members Estimate Committee and the Standards and Privileges Committee—was that the expenses system had been rotten for decades, yet those same MPs did their utmost to block meaningful reform of the now much-maligned expenses system, almost until the very day when *The Daily Telegraph* first published those receipts. Indeed, all the systematically suspect claims were defended resolutely by those distinguished, senior parliamentarians as being within the rules—which parliamentarians had made.

Small wonder that those parliamentarians waged such a disastrous, protracted campaign in the High Court between 2006 and 2009—in all of our names, I am afraid—to prevent the publication of expense receipts. They knew full well the public reaction that would follow.

I am particularly sorry to say that the Leader of the House, in his previous role as Chairman of the Standards and Privileges Committee, was one such senior parliamentarian. That makes his attempt to drive through the motion tonight all the more regrettable. Of all people, he knows how we got here. On 30 April 2009, just two weeks before *The Daily Telegraph* balloon went up, the Leader of the House, in league with other politicians, put down a serious—

Mr Speaker: Order. I very gently say to the hon. Gentleman that I understand the issues that surround the motion, but we have a time-constrained debate, and it is incumbent on him to focus on the terms of the motion rather than ancillary matters.

Mr Field: I was coming to the end of this passage, Mr Speaker.

At that juncture, however, the Leader of the House allowed the glaring loophole in relation to second home allowances for MPs in suburban seats to be overlooked, on the basis that the independent review that we are now awaiting should report first. I only wish that today he was such a keen supporter of independent reviews. I believe that the independent salary review that the SSRB and IPSA were due to commence in the next few months would also have provided a long overdue opportunity to rebalance and aggregate MPs' remuneration away from the byzantine and almost corrupt allowances scheme, towards a more upfront and transparent salary, which is why it is particularly regrettable that the second part of the motion is being proposed tonight. I fear that that opportunity will now be lost.

For the sake of one day's good newspaper headlines, Parliament has unwisely insisted that we set our own salary again and impose this two-year freeze. As I mentioned earlier, the calamitous expenses system began in just such a way by rejecting independent salary reviews and then boosting allowances as some form of compensation. In my view, even the mere suspicion that this was happening again would be totally unacceptable and disastrous, as we try to build public trust. Such a process of rebuilding will be difficult enough in the years ahead, given the constant backdrop of high-profile criminal cases currently going to the courts. I do not wish to prejudge any of the other expenses conflicts, but I suspect that potentially there are several more former and sitting Members whose affairs will move from police investigation to the Crown Prosecution Service and then the Crown court in the months ahead.

Mr Speaker: Order. The difficulty here is that the hon. Gentleman has got a prepared text, to which he is sticking closely. However, I have already advised him that he must not dilate on matters that do not relate directly to the motion. I feel sure that being an experienced parliamentarian he will now turn to the matters within the motion. If he does not wish to do so, he can remain in his seat.

Mr Field: I shall take on board what you say, Mr Speaker, although—

Mr Speaker: Order. May I make it clear that it is not a question of taking on board what I say? I am saying to the hon. Gentleman, without fear of contradiction, that I have given a ruling, and to that ruling he will adhere.

Mr Field: I shall adhere to your ruling, Mr Speaker.

If we pass the motion on salaries tonight, amidst a self-satisfied blaze of glory, it will be essential that we also resolve that, whatever changes are made to the IPSA allowances scheme, none will come into effect until April 2013. In short, it must be a two-year freeze on both salaries and all allowances.

Mr Bone: My hon. Friend is making a powerful speech. Does he agree that the best thing that could happen tonight would be for the Deputy Leader of the House to withdraw the motion? We have been talking about a really important matter tonight, and it is absurd that we start talking about Members' salaries and expenses. It should be done on a different day.

Mr Field: I am inclined to agree, but I accept that business has to go through and that we are heading towards the end of the tax year. It is regrettable, however, and my hon. Friend is absolutely right. Given the importance of what was discussed earlier tonight, this seems like very small beer indeed. It is regrettable that it has come to this pass.

Richard Graham (Gloucester) (Con): My hon. Friend feels that this is small beer. Some of us feel that we have asked public servants to take a cut in their salary and now we are offering to do the same. Can we not just vote on it as quickly as possible?

Mr Field: I suspect that it might not necessarily come to a Division, because we all feel this way. There are difficulties and concerns. I take on board the concern that we are telling many public servants that they should not have an increase. However, we have an independent review mechanism in place, and we should stick to it. I believe that the public need a guarantee from the Government that those strictures that apply to salaries will also apply to all other allowances. If the freeze over the next two years is to apply also to the level and nature of the allowances, we can at least look our electorate firmly in the eye and say, "We are all in this together".

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): Has not the hon. Gentleman contradicted himself? He made the appropriate point earlier that in the past MPs supplemented their salaries with allowances, but now he is suggesting that we freeze allowances and salaries. That means that people working for MPs and being paid less than £21,000 per year will be punished as a result of a decision in a matter unrelated to the motion.

Mr Field: I was referring to the allowances that are directly relevant to Members of Parliament, as opposed to the salary allowances.

Let me conclude, because others wish to speak and the hour is late on what has been a busy and momentous day in the House. The collective damage that has been done to the reputation of politics in this country is such that it is our duty to ensure that Parliament is never again silenced on these matters. I fear that the motion before us tonight is the very opposite of the leadership that we require if public trust is to be fully restored.

10.50 pm

Mr James Arbuthnot (North East Hampshire) (Con): I have never before spoken in a Members' salary debate; I trust I will never have to again. Today we have been debating what the armed forces will be doing in Libya. As Chair of the Select Committee on Defence—albeit not speaking on behalf of that Committee—I have only one point to make. For the armed forces to receive no pay rise and for politicians to receive a pay rise would be just so unacceptable in the country that we could not possibly think of allowing it to happen tonight.

10.51 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): Like the last speaker, I have never spoken in a pay and conditions debate in this place, and I do not think that I have voted in any of them either, on the basis that I did not think that it was ever correct that Parliament should set its own wages.

The problem I have is this. It may be a criticism of the Leader of the House—*[Interruption]*—who may be more interested in talking to the Whip—but I want to say how disappointed I am that this proposal is what he and his deputy have come up with. If this proposal is the best that these two intelligent men—both of whom I respect—have come up with, they must have been wasting their time doing other things of lesser importance. It is an embarrassment, because it is taking away independence—my hon. Friend the Member for Bassetlaw (John Mann) is quite correct. The raison d'être is that the Senior Salaries Review Body was compelled to take into account a formula that led to this decision, when what was required was a motion to remove that condition on the Senior Salaries Review Body and then let it do its independent job without the constraints of that formula. That would still have resulted in an independent decision, but what all this has turned into is, sadly, an embarrassing decision.

I respect what was said on behalf of those who have taken a pay freeze, particularly those in the armed forces, who deserve to be paid much more, but really, this issue is about showing that a political decision has been taken to have a pay freeze, thereby garnering what I might assume would be some public applause, along with condemnation of those who might have wanted to take a pay rise. That is what this issue has turned into—a political decision—when it should have been about removing any constraints on an independent body to set the correct level. If that level was in line with a pay freeze for the public sector above £21,000, that would have been correct, but it would also have been independent.

However, to do what is proposed is to demean the House. If that means that the proposals have been drawn up in a short time scale, then what have the Leader of the House's office and his deputy been doing all this time, if they knew that it would come to this? It is an embarrassment; therefore, I am sorry to say that the Leader of the House and his deputy have been found at fault. If they had any sense, they would withdraw the motion and bring forward a correct motion before the end of the financial year.

10.53 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): I would like to make a couple of comments entirely on my own behalf, not on behalf of my colleagues. I have sat through these debates for over 25 years. This House has never been served by Governments of any colour interfering in a process that we had already agreed should be resolved independently.

There are five written ministerial statements today dealing with pay reviews—for the armed forces, school teachers, NHS workers and prison officers, and for senior salaries. As it happens, the Government are accepting the independent pay review recommendations in each of those reviews. In the past, we have regularly asked people to advise on teachers' pay or prison officers' pay, but then the Government have interfered. They have asked for a review, but then asked us to vote against what an independent adjudicator has said a

certain group of public servants should receive. It really is not possible to justify having one rule for one group and one rule for another.

When the Government have asked me to interfere with an independent pay review body, I have never voted for the Government and against the independent pay review body. It seems to me that that would be entirely contradictory. I shall not support the Government tonight either, because I do not think it is possible to justify setting up an independent process and then not following it. The Leader and Deputy Leader of the House, whom I respect, know that in the last Parliament the Labour Leader of the House did not accept the independent Senior Salaries Review Body recommendation in its entirety but tweaked it, interfered with it, changed it, and came back with her own proposal. As a result, we have a half-independent recommendation. The independent body is not able to give its free and unfettered view—it chose a different basket of pay comparators—but even that tweaked version is now being interfered with by the Government.

I understand the politics. The politics are that tonight we would have been given a 1% pay increase when we are asking other people earning more than £21,000 a year not to have that pay increase. However, the problem would not have existed if the Government had always accepted that the independent pay review body should recommend salaries for us as public servants, as well as for ambulance workers, health workers and so on. In that respect I entirely agree with the hon. Member for Bassetlaw (John Mann) and others. It really is not acceptable for us to set a rule one year and break it the next.

When we debated this matter, in 2008, the then shadow Leader of the House—now the Home Secretary—made the position quite clear. She said that more than a year ago it was proposed that MPs should stop voting on their own pay and start looking into ways in which that could be undertaken. One of the important things that we shall be able to do today is take this whole issue away from the House, which is crucial. It is no good presenting one argument when in opposition and then changing it in government.

This is not in the same league as our earlier debate. It is not in the same league as issues of war and peace to do with Libya and so on, which are far more important. However, I hope that in future the Government will take independent advice, that they will apply—above all, for people on low pay—the principle that someone outside this place should advise on salaries and pay, and that we will then take that advice. If we do not, we will undermine our case, and I am afraid that we will not assist the public sector, many of whose employees look to us to set an example to them.

10.57 pm

Dr Julian Lewis (New Forest East) (Con): The right hon. Member for Bermondsey and Old Southwark (Simon Hughes) was doing so well until he reached his peroration.

This is a classic case of an immovable object meeting an irresistible force. If there is a vote tonight, I shall go with the irresistible force, namely what was said by my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot), the Chairman of the Defence Committee. It is absolutely inconceivable that Members of Parliament should be given a pay rise at a time when the pay of other public servants, particularly members of the armed forces, is being frozen. That will determine my vote *tonight*.

Bob Russell: Will the hon. Gentleman give way?

Dr Lewis: I will a little later, if the hon. Gentleman will be patient. I do not wish to be derailed from the other half of the equation, which is that the right hon. Member for Bermondsey and Old Southwark is also absolutely right. It is nonsensical to say that a process will become independent because interfering with it has led to desperately dire consequences in the past, and then to tear up that principle at the first opportunity.

I have only one positive suggestion to make, but I think that it is worth trying. I am not sure whether the Leader of the House will respond to suggestions, but if he does, I hope he will consider this one. I am sure that the Independent Parliamentary Standards Authority consists of very capable people, but we have heard from no less an authority than the Prime Minister that it may not be there for ever, and we would not wish to give this very important task to a body that may not be with us indefinitely.

I have a rather simple suggestion. Why cannot the pay of hon. Members be linked once and for all to an agreed level of civil servant, whatever that level may be, so that if they get a pay freeze, we get a pay freeze? *[Interruption.]* I hear whispers around the Chamber that we have done that already, but we evidently have not done it efficiently enough if the result is, as the Leader of the House has explained, that their pay is being frozen while ours is not. I simply say that we should be linked once and for all to an agreed rate of civil service pay that cannot be interfered with so that when the Government impose a pay freeze on public employees for right and proper reasons, we will be affected by it, and when they do not we will not. It is as simple as that and I cannot see the problem.

11 pm

Sir Peter Bottomley (Worthing West) (Con): My hon. Friend the Member for New Forest East (Dr Lewis) was right to agree with what our right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) said. It would be impossible for the House to accept a pay increase in these circumstances. The recommendation for people in the national health service who earn below £21,000 a year is that they should receive an extra £250 in a year. For us to take 1% on our pay would not work in these circumstances.

I do not know why people are afraid of setting their own pay, but that is not the system we have decided on. We have decided that it will be done through independent determination by IPSA as we had previously decided that it would be done through independent determination by the SSRB, but that is not the subject of the motion. As has rightly been said, we cannot run both organisations, so which should we drop? Clearly, we have to drop the one that we set up first, which was the SSRB. If it does not do this work, IPSA will, but I do not have confidence that IPSA will get it right. Let me briefly make a recommendation to it: why not set a rate of pay that comes into effect after the next election and have no increase during the Parliament? That would solve an

[Sir Peter Bottomley]

awful lot of problems. We would not have to compare ourselves with anyone else year on year and no one would get an increase during a Parliament.

On allowances, it is wrong that IPSA has left us waiting so long for the money that our staff are going to be earning in a month's time, but again that is not an issue for today. I do not agree with my hon. Friend the Member for Cities of London and Westminster (Mr Field) about freezing all allowances, but he will not mind that. When remarks were made about my right hon. Friend the Leader of the House and second homes, I did not recognise the factual basis of what was said. Perhaps it would be possible for the person who made that remark to communicate it to my right hon. Friend and to me and then we will know what that was all about.

Essentially, the way to solve the problem raised by the hon. Member for Bassetlaw (John Mann) about not wanting to vote for or against the motion is not to force a vote and to let the motion go through.

11.2 pm

Mr Peter Bone (Wellingborough) (Con): Following on from my hon. Friend the Member for Worthing West (Sir Peter Bottomley), I agree that we should not vote on this issue tonight, but from a different perspective. I do not think it is for the Executive to bring forward this motion. If such a motion is to be brought forward, it should be done by the Backbench Business Committee so that it is Parliament bringing it forward and deciding whether to accept the pay increase.

I have a second reason for thinking that the motion should not be proceeded with tonight, and I hope that the Deputy Leader of the House will not force it to a vote and will instead come back with a different motion—or, better still, let the Backbench Business Committee bring forward a motion. We have had such an important debate today and I have been agonising over the weekend about which way to vote; in the end I did not vote at all. It seems absolutely absurd to the British public that we are wasting one and a half hours on this tonight when we could have continued with the main debate, which is what we should have done. I urge the Deputy Leader of the House to withdraw the motion.

11.4 pm

Mr David Nuttall (Bury North) (Con): I am conscious that, with the exception of my hon. Friend the Member for Gloucester (Richard Graham), all the speakers in the debate so far were Members of the House before the last election. I was not, so I bring a slightly different perspective.

In the run-up to the election, partly, for obvious reasons, because of the constituency in which I was standing—Bury North—the expenses scandal and the issue of Members' pay were raised frequently. In light of the decision taken in 2008, I was able to say, "Well, Members voting on their pay is not an issue any more; I will not get involved in such matters." That is what I was saying to my would-be constituents in the run-up to the election, so I have a dilemma tonight.

I have resolved that dilemma in this way. On the one hand, an independent review body has suggested a 1% increase, and on the other, public sector employees earning more than £21,000 are subject to a pay freeze. We should accept the motion for two reasons. First, it is common sense that the public would be amazed and astonished, no matter what excuses were given, if we somehow arranged—that is how they would see it; we would be arranging it—to be treated differently from the rest of the public sector. That is one reason why we should accept that we should be in the same position as the rest of the public sector and accept a pay freeze.

The other reason is that I believe in the sovereignty of Parliament, and constituents know that ultimately, whatever we may say about independence, we put those independent people in place, and he who gives can take away. Constituents will not be fooled if we accept the 1% increase and say, "It was all because of an independent body—nothing to do with us, guv." They will realise that we put that body in place.

The main reason for accepting the motion is common sense, which is always my touchstone. What do the people out there want us to do? There is no doubt that they would not accept it if we agreed to a pay rise. For that reason, I support the motion.

11.7 pm

Mr John Baron (Basildon and Billericay) (Con): I believe that the motion is a retrograde step. Many of us in this place have believed for a long time that we should not decide our own salaries and pensions, and have abstained in debates on them. We thought in 2008 that we were ensuring that a third party would, in effect, decide; we are now yet again bringing the matter back in-house.

The Government's case has not been helped by the suggestion that the SSRB is in some way not really independent. Its recommendation is linked to a range of salary increases, but those decisions are made outside this place. It is as independent as we are going to get, so I really do not think that that suggestion helps the Government's case at all.

For the avoidance of doubt, because there will be those outside this place who think that those of us who have spoken against the Government proposals speak from self-interest, let me make it clear that I for one would be happy to donate my increase to charity. The point is not the financial interest; the point is that a number of us fought long and hard to make sure that decisions on those subjects were made outside this place, yet we are once again bringing them into the Chamber. That is a retrograde step that we will regret. The idea of moving this forward through the Independent Parliamentary Standards Authority is not very welcome at all, given IPSA's track record in certain areas.

We are losing the plot on this issue and have taken a retrograde step. Last year and the year before that we thought that we had solved the situation, but now we are bringing the matter back in-house. That will not serve the long-term interests of the Chamber or the reputation of this Parliament.

11.9 pm

Helen Jones (Warrington North) (Lab): I do not want to detain the House for long—[Hon. Members: "Hear, hear!"] That is clearly the best reaction I am going to get this evening.

I detect throughout the House a real desire not to be having this debate at all. Having to debate our own pay is not good for the House at any time, and particularly not after the debate that we have just had. We are where we are, however. We are caught between a rock and a hard place. Last week, I went into my local hospital and members of staff there told me that they were genuinely worried about how they were going to pay their mortgages. A pay freeze for the armed forces has already been mentioned. I do not think that anyone here believes that MPs could take a pay rise in those circumstances.

Members have rightly said that the whole question of our pay needs to be taken away from this House and given to an independent body. If we are honest, we have to admit that Governments have always interfered in the recommendations of pay review bodies—that has certainly been the case in all the years that I have been in the House. We need finally to get away from that. The solution is not as simple as linking our pay to a grade in the civil service, as the hon. Member for New Forest East (Dr Lewis) suggested. We tried that, but the grade was abolished. That is how we got into many of the problems that we faced later.

We need to get this matter out of the House very quickly, and to establish an independent system for setting our pay. Having listened to the debate, I believe that that is overwhelmingly the view of Members. I hope that the Deputy Leader of the House will not simply tell us that that will happen "shortly"; I hope that he will tell us when it will be done, because no one wants to be in this position ever again.

11.12 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): Hear, hear to what the hon. Member for Warrington North (Helen Jones) said at the end of her speech: I do not think that we want to be in this position again.

I want to pick up on something that my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) said about pay review bodies. Yes, it is true that a succession of reports from such bodies has been accepted by the Government. They deal with teachers, the Prison Service and the health service. Every single one of them says that there should be no increase in pay this year for those who earn more than £21,000. Only one pay review body is proposing an increase for people who earn considerably more than £21,000, and that is the one that deals with Members of Parliament. Why is that happening? Because it is not an entirely independent review, as we have already heard from my right hon. Friend the Leader of the House of Commons, and because it was pre-emptively interfered with by the decision of the previous Government and the previous House in setting the parameters for our pay, which has resulted in the anomalous position of the proposal of a 1% pay increase for MPs while everyone else in the public service gets a pay freeze. That is why we have had to come back to the House today.

Geoffrey Clifton-Brown (The Cotswolds) (Con): On a point of clarification, there has been a lot of disquiet in the debate about Members of Parliament having to vote on their own pay. Can my hon. Friend confirm whether there will be an annual vote on our pay when IPSA takes over this matter?

Mr Heath: There certainly will not be—*[Interruption.]* My hon. Friend the Member for Wellingborough (Mr Bone) can scoff, but there will not be. It will be a genuinely independent process.

The hon. Member for Bassetlaw (John Mann) asked why we had not tabled an amendment. There is no need for an amendment in order to transfer the matter to IPSA, an entirely independent body, because the legislation is already in place. All that we need is a commencement order. He went on to say that he would refuse to vote this evening. Let me tell him, and anyone who is minded to do the same, that if the House refuses to vote for the motion this evening, we will have a 1% pay increase, and those hon. Members will have to justify that pay increase to their constituents at a time of national constraint. I do not believe that that would be easy to do.

Adam Afriyie (Windsor) (Con): If the Deputy Leader of the House is so keen for an independent body such as IPSA to control MPs' salaries, why does he not hand that over from 1 April this year?

Mr Heath: We shall do so when IPSA and the House are ready, and it will be done shortly. We have already given that reply, and I repeat it again. Incidentally, may I tell the right hon. Member for Leeds Central (Hilary Benn) that he will soon receive a reply on pensions, but we have made it clear that MPs' pensions will be informed by the Hutton review in exactly the same way as pensions in the rest of the public service? It is a matter that the House will soon have the opportunity to discuss.

I was extremely disappointed by part of the contribution from the hon. Member for Cities of London and Westminster (Mr Field) in which he appeared to impugn the integrity of my right hon. Friend the Leader of the House. That is entirely regrettable and unjustifiable, given his record in opposition and in government, and I hope that the hon. Gentleman will take the opportunity to withdraw that suggestion.

Mr Mark Field: I was simply trying to inform the House of events that took place two years ago, and was in no way trying to impugn the integrity of my right hon. Friend the Leader of the House. I was just pointing out that in his former guise he had made the case for independent reviews very strongly in amendments that he had tabled, and I hoped that he would do the same again.

May I briefly ask the deputy Leader of the House whether, if there is a salary freeze in the public sector from April 2013 to April 2014, he will do his best, once MPs' salaries are in IPSA's hands, to stop IPSA putting up those salaries, despite the fact that, by that stage, IPSA will be the entirely independent body that he believes the SSRB is not?

Mr Heath: I did not hear the hon. Gentleman say what he said that he had said about my right hon. Friend—I heard something quite different—but we shall have to look at the *Official Report* to be sure.

Once IPSA has control of Members' salaries, it will be entirely independent and it will not be for me or for anyone else to tell it how to do its job. Independent assessment is right—we all agree about that. In principle, Members of Parliament should not vote on their own

[Mr Heath]

pay. But in a House that does not flinch from having an opinion on the remuneration of others, we cannot just ignore the perception or consequences of an increase of our own pay.

Mr Charles Walker: I do not think that a single Member of Parliament wants this wretched 1% pay rise. What we wanted was the chance as Members of Parliament to do the right thing and table our own motion to decline it. What we are getting, I am afraid, in a robust speech from the hon. Gentleman on the Front Bench, is Executive posturing at our expense and it does him no favours at all.

Mr Heath: The hon. Gentleman is entitled to his opinion, but I think that the House has been given the opportunity to decide whether it wants that 1% pay increase, and it must make that decision.

Michael Connarty: I am sure that the hon. Gentleman is approaching a response to the point that I made. Has it not come to everyone's notice recently that there might be a problem with public sector expenditure? It has been parroted in every speech in the House since the election. Why did the Leader of the House and the Deputy Leader of the House not introduce something to free the SSRB from the formula in which it was trapped, enabling it to make an independent recommendation on our salaries and on which we would not have to vote? Where has the hon. Gentleman been sleeping?

Mr Heath: There are two answers to that. First, I am not a member of the SSRB, so I did not know what recommendation it was going to make. If we tried to adjust the so-called independent formula, would we not be having precisely the same debate about the Executive interfering with the will of the House, which had decided to give to that independent body the right to set our pay? It would be said that we were coming in with a formula of our own. I can just imagine the speeches that would be made, and they would be very similar to the ones that have been made this evening.

The hon. Member for Cities of London and Westminster talked about animal intelligence. It occurs to me that if there were a lemmings review body that independently came to the view that a headlong dash into a freezing fjord would be for the best, lemmings ought at least to have an opinion on the matter. What we are providing this evening is an opportunity for Members to consider the consequences before complying with the decision.

In this case, the review body has made it plain that it would not have made the recommendation that it did unless it was constrained to do so. It would have independently come to a view that there should be no increase in our pay this year. I find it difficult to believe that any Member of the House thinks we should be treated differently and significantly better than others working in the public sector.

Nick de Bois (Enfield North) (Con): I am staggered that I should have to make this comment: no one in the House is suggesting that we should take that 1%.

Mr Heath: In that case I am extremely pleased, as it means that we will quickly move to a conclusion of this difficult matter. The commitment to independent review is retained. The anomalous position this year is recognised. We do to ourselves what others have had done to them. It is not a decision for Government; it is a decision for the House. Members must make up their own minds, but in my view— and I do not think I am alone—it is a no-brainer. I hope all right hon. and hon. Members will support the motion.

Question put and agreed to.

Resolved,

That the following provision shall be made with respect to the salaries of Members of this House—

(1) For the period beginning with 1 April 2011 and ending with the relevant day, the rates of—

(a) Members' salaries, and

(b) additional salaries payable to Members under Resolutions of this House in respect of service as chairs of select or general committees, shall be the same as those salaries as at 31 March 2011.

(2) In paragraph (1) the "relevant day" means—

(a) the day before the day on which the first determination of Members' salaries by the Independent Parliamentary Standards Authority comes into effect, or

(b) 31 March 2013, whichever is the earlier.

(3) Paragraphs (9), (10) and (12)(b) of the Resolution of 3 July 2008 (Members' Salaries (No. 2) (Money)) cease to have effect on the day this Resolution is passed.

(4) The remaining provisions of that Resolution cease to have effect on 1 April 2011.

Business without Debate

SITTINGS OF THE HOUSE

Ordered,

That, at the sitting on Tuesday 22 March, the Speaker shall not adjourn the House until he has notified the Royal Assent to Acts agreed upon by both Houses.—*(Sir George Young.)*

BUSINESS, INNOVATION AND SKILLS

Ordered,

That Gregg McClymont be discharged from the Business, Innovation and Skills Committee and Dan Jarvis be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

PROCEDURE

Ordered,

That Angela Smith be discharged from the Procedure Committee and Thomas Docherty be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

TRANSPORT

Ordered,

That Kelvin Hopkins be discharged from the Transport Committee and Jim Dobbin be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Cawston Park Hospital

Motion made, and Question proposed, That this House do now adjourn.—*(Miss Chloe Smith.)*

11.22 pm

Steve Baker (Wycombe) (Con): I am grateful to the Solicitor-General for responding to the debate and for being present at this late hour. My hon. Friend the Member for Norwich North (Miss Smith) and I would like to raise with the House and the Solicitor-General the experiences of Mr Andrew Breeze, a former NHS worker and founding clinician of an independent and innovative psychiatric hospital, Cawston Park.

Mr Breeze's experiences have been documented in both the regional and the national press, notably by my hon. Friend in an article in *The Mail on Sunday* on 21 November 2009. Although Mr Breeze is not one of my own constituents, his brother Paul is, and I have agreed to support this important matter, as it has wide-ranging consequences for independent health care and, indeed, many entrepreneurial projects requiring major capital investment.

In late 2003, Mr Breeze set up Cawston Park. He and the other founding clinicians had all previously worked within the NHS and had felt constrained in seeking to provide high-quality, effective care that provided value for money. They therefore seized the opportunity to move into the independent sector to achieve their vision.

The purpose of Cawston Park hospital was to provide specialist psychiatric care and treatment to severely mentally ill patients, many of whom could not be properly treated within the existing NHS structures. In November 2006, the hospital was recognised as having achieved outstanding clinical successes owing to its unique approach to patient care and treatment. Patients who had previously been in other hospitals for lengthy periods of time were being successfully discharged from Cawston Park hospital and it had become apparent that it was saving the NHS hundreds of thousands of pounds annually. Feedback from NHS primary care trusts was extremely positive and referrals extended across the whole of the UK.

However, that period of great accomplishment and acclaim quickly turned sour because of internal difficulties with a senior member of staff. I do not wish to inform the House of every sordid detail I have been shown, but the allegations range from theft to an extra-marital affair with another staff member, together with a range of other grievous matters. As a result there was an internal investigation, followed by disciplinary proceedings, which took place on 16 November 2005.

During this time, the staff member in question had decided to leave Chancellor Care to set up a rival facility to Cawston Park hospital. He had been found to be removing hospital property and recruiting Cawston Park staff to his new venture. A disciplinary hearing was duly set up by Mr Breeze, but the gentleman telephoned one hour before the hearing was due to take place to inform Mr Breeze that he was resigning without notice as he did not want a dismissal on his record when he applied to the Healthcare Commission for a licence to operate a rival facility.

Six weeks later, the Nursing and Midwifery Council wrote to the ex-employee to notify him that it was going to investigate the reasons surrounding his departure from Cawston Park. However, by not re-registering as a psychiatric nurse, which I understand he still has not done, he was able to prevent the NMC investigating further. Later that day he contacted the NHS Counter Fraud Service through its hotline to make what turned out to be malicious allegations.

A subsequent statement was made to NHS Counter Fraud by the female nurse who purportedly had personal relations with the ex-employee, which was considered to be an independent corroboration of the initial allegations. Contemporaneously, a patient had reported the ex-employee to the protection of vulnerable adults scheme, which is now under the auspices of the Independent Safeguarding Authority, for abusive behaviour towards patients. This might have served to illustrate further the character of the accuser.

What followed was a three-year investigation primarily involving three Government agencies and one private company, Lloyds Development Capital. More than 50 police officers were involved in a high-profile dawn raid, which I have learned today was leaked to the press. Some of them were drafted in from outside Norfolk. The defendants were interviewed three times for more than 20 hours. More than 80 witnesses were interviewed, some more than once, concluding in the commissioning of four expert witnesses and the production of four lengthy reports, most notably the Badcock report, whose author admitted that he was not an expert in the field.

NHS Counter Fraud worked on the case for six months before handing it over to the local police in July 2006. During that time, NHS Counter Fraud had concluded that fraud had occurred and Mr Breeze was subsequently charged with conspiracy to defraud the NHS of £2.3 million. The case alleged that the directors had charged the NHS for additional care that had never been provided.

Mr Breeze's contention is that the police were misled by NHS Counter Fraud convincing them that a fraud had in fact taken place. His argument was as follows. First, in his meeting with NHS Counter Fraud on 16 November 2010 he was informed that it had come to the conclusion that fraud was occurring. My hon. Friend the Member for Norwich North was in attendance. Secondly, in an interview under caution the police made it obvious that they believed that that fraud had occurred. Thirdly, Norfolk police did not have a fraud squad so the case was handed to its major investigation team, which was more accustomed to dealing with murders. No one in that team was a fraud specialist. Fourthly, the police assumed that NHS Counter Fraud knew how a private sector psychiatric hospital operated clinically. That may seem reasonable, but it turned out to be incorrect. Fifthly and finally, NHS Counter Fraud did not advise the police which type of psychiatric expert they should go to, so they went to the wrong type and received factually incorrect and misleading information.

As a result of those events, Mr Breeze and his solicitor, Richard Smyth, came to the conclusion that the police were constructing a case from poor evidence rather than trying to detect whether a crime had been committed. I must ask the Solicitor-General if that is how the system should function.

When Andrew Breeze met NHS Counter Fraud on 16 November 2010, the only documentation that could be produced supporting the fraud allegations was several witness statements taken by the Counter Fraud team, which it had previously refused to disclose to Mr Breeze despite repeated requests to do so. One of those statements was from the original accuser; another was from the

[Steve Baker]

female nurse with whom he was in a relationship and setting up the rival project; and another was from a member of staff who had worked at Cawston Park hospital and been recruited for that new venture. Additionally, that individual had invested £10,000 in the new enterprise. There were three other statements taken from ex-staff who had left Cawston Park disgruntled in the past. One does not need a legal education to question the quality of those witnesses and the numerous vested interests that will have been at play.

In the light of those connections, perhaps the police investigations might have discerned something amiss in the accusations at an early stage. When asked by Andrew Breeze why the NHS Counter Fraud team had not carried out basic and obvious lines of inquiry that would have clearly showed fraud was not taking place, its response was that it did not have the resources in place to do that. Mr Breeze had that meeting taped and is having it transcribed.

The police then investigated from July 2006 to February 2008, at which point Andrew Breeze was charged with conspiracy to defraud the NHS. The police now refuse to disclose their case summary, which was sent to the Crown Prosecution Service prior to the decision to charge Mr Breeze. His freedom of information request has been rejected.

What is of significant interest is the 22 April 2009 computer forensic review prepared by James Coulthard from Stroz Friedberg. A summary of his conclusions are as follows:

"Computers relating to"

Mr. Breeze's accuser

"appear not to have been examined…Norfolk Constabulary Computer Crime Unit have lost digital evidence from exhibits, which cannot be replaced. Norfolk Constabulary Computer Crime Unit supplied defective and incomplete digital evidence to the defence without verifying the integrity of the evidence on more than one occasion. The lack of key exhibits in this case makes it impossible for the defence to effectively investigate the claims of document falsification by BREEZE and WILSON."

Does the Solicitor-General share my concern about the implications of those events?

The result was that Cawston Park's financial backers, Lloyds Development Capital, exercised its increased rights under the terms of the management buy-out, which stated that, if allegations of fraud were brought to its attention, it then had the power to dismiss Andrew Breeze from his post of chief executive. It subsequently did so and brought in Lesley Reardon-Denton, someone who had no clinical experience in psychiatry, to run the business in Mr Breeze's absence.

On the instructions of Lloyds Development Capital, Ms Reardon-Denton instigated an internal inquiry by bringing in what she described as an "independent" expert, Christopher Hird, to produce a report, which heavily criticised Mr Breeze's management of Cawston Park and was used to dismiss him. It later transpired that Mr Hird was not independent, having been a long-standing employee of Lesley Reardon-Denton in a business of which she was chief executive in London. The prosecution subsequently ditched the report, when its independence was questioned, during the trial.

Lloyds' resulting decision meant that Mr Breeze went on to lose his entire investment, which the police valued at £9.4m. That seems to me a grotesque injustice which is bound to deter other entrepreneurs.

A further point of note is the conduct of Zurich Insurance. Cawston Park had directors' and officers' liability insurance when it carried out the management buy-out. This was meant to cover all the legal costs if any member was accused of fraud. However, in a letter dated 9 October 2007, Zurich informed Mr Breeze that it was reneging and refused to pay. It deemed the policy null and void on the slightly odd grounds that Cawston Park did not inform it that the directors were involved in criminal activity when the policy was taken out some time previously. We should note that, at this point, Mr Breeze had not been charged. Zurich went on to say:

"Given that the criminal wrong doing appears on any view to pre-date the retro date in the policy, our clients do not feel able to continue indemnifying defence costs."

Mr Breeze was unable to fight this decision privately, as the police had frozen all his assets, thus not allowing him to pay for legal advice. Legal aid eventually took over, but at an estimated cost of £2 million. Should not legal aid be persuading Zurich to honour its policy and pay what is due? Should the taxpayer even be liable?

Trial proceedings began in April 2009, but before the prosecution could complete outlining their case, the judge brought the trial to a close because they could not offer sufficient evidence. In his closing speech, the judge made complimentary comments about Mr Breeze, including:

"You entered this courtroom on the 20th April as a clinician of exemplary character. You leave it vindicated with your good name intact and your head held high",

and:

"I hope that no professional or other obstacle will remain to hinder your early return to work in the field of psychiatric healthcare, should you wish to do so. You are a talented man with much still to offer your peers and patients."

Regrettably, Cawston Park hospital never recovered from the investigations by NHS Counter Fraud and Norfolk constabulary. It finally went into administration, with the investigation process being cited as the reason for its closure. Despite the judge's comments, Andrew Breeze has had obstacles put in his way that have prevented him returning to the field of psychiatric health care.

This tragic story touches on numerous legal, social and political issues that need to be addressed. They have potentially far-reaching implications for entrepreneurs, particularly with respect to the Government's programme of health reform. The first issue is the role of the three organisations, which, although independent of each other, failed to carry out basic lines of inquiry. Although the CPS clearly stated that there was no evidence to support the allegations and that the case should never have reached the stage that it did, it continued to assert that there were five indications of dishonesty. A letter from the CPS to Mr Breeze concluded:

"1. There are some factors that indicate dishonesty, which include a body of witness evidence to show a lack of understanding or knowledge of extra care by staff that one would expect to be involved in administering that type of care;

2. Evidence of low staffing levels to give enhanced care;

3. No clear audit trail to show what a patient received to justify the extra charges made;

4. There doesn't appear to be file notes on the patients' files to cover the extra care aspect of their treatment;

5. In addition, some patients were charged extra care premiums whilst away from Cawston Park."

Mr Breeze argues that those assertions are based on inaccurate and incomplete information that was provided to the CPS by NHS Counter Fraud and subsequently to the police. The CPS refused to meet Mr Breeze to discuss the matter any further, and Keir Starmer QC, the Director of Public Prosecutions, stated that any further debate would not progress the matter, having written:

"Further correspondence from you which fails to raise fresh issues will be filed without response."

Because of these rebuffs, regrettably, Mr Breeze's reputation remains tarnished.

Furthermore, Norfolk constabulary and the Independent Police Complaints Commission have denied any wrongdoing, even though the judge ruled that the allegations against Mr Breeze and his hospital's finance director were unfounded, and even though the judge said that they left court

"exonerated and as innocent men".

Both public bodies appear to have failed to take into account the very significant losses, both financial and reputational, suffered by Mr Breeze. Contrary to the judgment, the two men have not been exonerated and remain condemned in the eyes of the bureaucracy.

The next organisation is NHS Counter Fraud. A Parliamentary question tabled by my hon. Friend the Member for North Norfolk (Norman Lamb) revealed that over the previous three-year period, NHS Counter Fraud cost £32.4 million to operate and uncovered £10.1 million of fraud. The operation of NHS Counter Fraud had cost the NHS £22.3 million net over three years, which seems ridiculous.

NHS Counter Fraud has met Andrew Breeze and my hon. Friend the Member for Norwich North, but has not satisfied either of them that it carried out a competent and comprehensive investigation into the allegations of fraud. Additionally, the NHS Counter Fraud investigation has placed another burden on the taxpayer indirectly, due to the savings that Cawston Park hospital was providing to the NHS year by year. Considering that NHS Counter Fraud was set up in 1998 to save the NHS money, it is ironic that its actions through the course of this case have cost the NHS millions of pounds.

I dread to hear the total amount that this debacle has cost the taxpayer. It is clear that the cost to Mr Breeze, his family and the other individuals arrested or brought to trial goes far beyond quantitative description. What should be noted is that Mr Breeze does not want taxpayer-funded compensation. Despite losing a fortune, he wishes simply to see his name restored and to prevent future travesties of justice. The only reason Mr Breeze would contemplate legal action is to obtain the documents he has consistently been refused in his attempt to clear his name.

The second key issue is that a disgruntled ex-employee, masquerading as a whistleblower, was able to destroy a business and a facility for severely mentally ill patients that had become recognised as a flagship hospital for their treatment. He did so with a financial interest in that outcome. Such episodes are likely to discourage and inhibit entrepreneurial individuals, partnerships, and businesses from embarking on new ventures. This is critical at a time of NHS reform and increasing need. Good entrepreneurs should be encouraged by the state, not permanently condemned and ruined on false charges.

I am deeply concerned that there is still the possibility that exactly the same thing could happen to other entrepreneurs. There have been no external reviews across the organisations concerned, so no lessons have been learned. The state has ruined a thriving business, along with the lives of several committed individuals who have been financially encumbered. There seems to be no mechanism to hold any of the relevant public bodies to account. Each organisation has held its own internal review. The police and NHS Counter Fraud stated that all protocol was followed correctly. The CPS admitted that mistakes were made and that this should never have happened.

For Andrew Breeze to clear his name, it must be acknowledged that the allegations against him were based on inaccurate and incomplete information. The court judgment that fraudulent behaviour was not occurring within Cawston Park must be affirmed. Indeed, it should be stated that dishonesty was never a factor in any of the business dealings within the organisation. My hon. Friends the Members for North Norfolk and for Norwich North and I wholeheartedly want Mr Breeze's name to be cleared by the relevant public bodies. That is the bare minimum he deserves after this pantomime. It would perhaps at least enable him to start again.

I finish with some questions for the Solicitor-General. Will he establish an independent inquiry into the actions in concert of the CPS, NHS Counter Fraud and Norfolk constabulary? Will he further investigate the questionable actions of Lloyds Development Capital, which was directly responsible for the sacking of Mr Breeze and the demise of Cawston Park's outstanding service to the community? Such an inquiry could create far safer conditions for the entrepreneurs we so desperately need today.

Will the Solicitor-General give an assurance that, after nearly four years, Mr Breeze will receive clarification, along with the documentation he has requested, from NHS Counter Fraud on its role in the fiasco? Will he convene with the CPS to establish Mr Breeze's innocence in the matter? Will he ensure that any independent inquiry that is set up allows access to all the documentation that Mr Breeze has been requesting for the past two years, particularly the police case summary? Mr Breeze is still waiting for a report from the senior fraud lawyer at the CPS who carried out a review of its decision to charge him initially. He is concerned that, like the recently rejected police case summary, the CPS report will not be made available.

Finally, will the Solicitor-General work to eliminate this Kafkaesque tangle of bungling bureaucracy? The state has ruined a great business, along with its founder, and that should be remedied. More broadly, the state continues to threaten honest entrepreneurs. The instruments of the state should not be allowed to do that in future.

11.45 pm

The Solicitor-General (Mr Edward Garnier): I will speak quickly, to get as much on the record as I possibly can in the short time available to me.

I congratulate my hon. Friend the Member for Wycombe (Steve Baker) on securing the debate and thank him for making it possible for my hon. Friend the Member for Norwich North (Miss Smith), who is with me here on the Treasury Bench but who, as a Government Whip, is prevented from speaking, to bring before the House a matter that directly affects one of her constituents, Mr Andrew Breeze.

[The Solicitor-General]

The debate allows me to answer some important questions on behalf of the Crown Prosecution Service, for which the Attorney-General and I are accountable to this House. I should also confirm that the interest of my hon. Friend the Member for Wycombe in this matter is not just altruistic, although it is that as well. Mr Breeze's brother lives in his constituency, so he has a family interest in the debate.

Andrew Breeze was one of two defendants charged in February 2008 with conspiracy to defraud NHS primary care trusts by charging them for what was called "extra care" for mental health patients at a private hospital, Cawston Park hospital in Norfolk, which was owned by a company in which the defendants had a significant interest. Those activities were said to have taken place in the two years before August 2006. It was alleged by the prosecution that the charges for extra care were criminally dishonest, because that extra care was not in fact provided.

The trial began in April 2009 but was halted in June 2009 when the judge at Ipswich Crown court intervened, resulting in the prosecution bringing the case to a halt by offering no evidence. Mr Breeze was then acquitted of all charges. At the conclusion of the case the judge said to Mr Breeze and his co-accused:

"You leave vindicated with your good name intact and your heads held high."

I wish to make it clear beyond doubt that that acquittal means that Mr Breeze was, and remains, not guilty of the criminal charges brought against him. On behalf of the CPS, and as Solicitor-General, I associate myself without reservation with the words of the judge, but I go further and say that in so far as Mr Breeze was prosecuted as a consequence of what the CPS did or did not do, I want to place on record for all to see my apologies to him. It has become clear that regardless of whether it was proper to investigate the affairs of Cawston Park in the first place, the prosecution should never have got as far as it did.

I am accountable for the CPS, which was responsible for deciding whether to institute and continue the prosecution in this matter. The police were responsible for investigating the case on the basis of a complaint from NHS Counter Fraud, but not for deciding whether to prosecute. The prosecution in this case should never have reached the stage that it did, and I repeat, without restating verbatim, the judge's words and my apology.

I should also like to apologise to Mr Breeze for the failure to respond to his letters of complaint sent to the CPS after the trial finished. Mr Breeze eventually felt that he had no option but to present himself in person at the CPS offices, because of the repeated failures to reply to him.

In response to his complaint, the CPS did—very late—conduct a thorough review. It was conducted by a senior lawyer at the CPS, Elizabeth Bailey, who had no prior involvement in the case. She concluded that, in her view, the case should not have resulted in criminal charges. I endorse her conclusions. She found that there was material available in the evidence that could be seen as pointing towards dishonesty, but equally that there were issues, which were known about at the point of charge, that undermined the strength of the case. I will come to those in a moment. Different lawyers can quite properly take different views on the merits of any given case. Elizabeth Bailey in this case believed that, even if the charging decision could be seen as appropriate at the outset, the case should none the less not have been allowed to proceed to trial. She apologised to Mr Breeze by letter dated 26 July 2010 on behalf of the CPS both for the prosecution and for the lack of response to Mr Breeze's complaint.

My hon. Friend the Member for Wycombe complains that that letter leaves Mr Breeze's reputation tarnished, whereas the judge in the case told Mr Breeze that he left the court with his reputation intact and his head held high. With respect, since it was a private letter, it cannot be said to have had any public effect and the judge's words at the end of the trial in 2009 are what will have been publicly remembered. However, in so far as there is any doubt about Mr Breeze's reputation, I trust that what I have said tonight will make the position abundantly clear.

I gather that Mr Breeze has been in touch separately with Norfolk constabulary, the Information Commissioner's Office and NHS Counter Fraud. I understand that Norfolk constabulary undertook a systematic review of its investigation under terms of reference agreed by the Independent Police Complaints Commission. NHS Counter Fraud has also undertaken its own internal review.

My hon. Friend asked for an independent inquiry. From what I have said, it must follow that I accept that this case raises several concerns. It has, however, been examined both inside and outside the CPS, and I do not believe that another inquiry would reach any new conclusions. The CPS has accepted responsibility for its failings in this case and they are now publicly acknowledged.

The case was not straightforward. There were some 84 witnesses and around 23,000 pages of evidence. The charging decision was approved by the then director of the fraud prosecution service. Both the barristers acting for the prosecution endorsed the decision to proceed. Miss Bailey was asked to consider the case in accordance with the code for Crown prosecutors which is issued by the Director of Public Prosecutions under section 10 of the Prosecution of Offences Act 1985. Her review of the evidence and the information that was available at the point of charge led to the following five conclusions.

First, there was in the hospital a lack of clarity about what the "extra care" charges were for. A better description might have been a "surcharge" for difficult-to-manage patients, but she commented, and I agree, that a lack of clarity is not necessarily indicative of fraud.

Secondly, several people, including Mr Breeze, his co-accused and other officers of the company were being sued by the board of the hospital. The other defendants in the civil action all later gave evidence for the prosecution. They had an interest in the outcome of the criminal case and, as Elizabeth Bailey found, that conflict should have been considered as a significant risk in the criminal case, but it was not. There should have been regular reviews as the case progressed.

Thirdly, in 2005 a due diligence report was prepared by PricewaterhouseCoopers on behalf of Lloyds TSB Development Capital Ltd, which was due to invest—

11.52 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Tuesday 22 March 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Financial Regulation

1. **Bill Esterson** (Sefton Central) (Lab): What assessment he has made of the effects on the economy of the trade in mortgage-backed securities and collateralised debt obligations. [47918]

The Chancellor of the Exchequer (Mr George Osborne): The rapid increase in mortgage-backed securities and collateralised debt obligations contributed to a build-up of excessive and unstable levels of private debt in the UK in the years running up to the financial crisis. Although we would wish to see a properly regulated securitisation market reopened to help with lending, this must happen under a much more effective supervision regime. That is why we are abolishing the failed tripartite system and have restored to the Bank of England the responsibility for monitoring overall levels of debt in the economy. We have already established a new Financial Policy Committee to assess risks to the stability of the system, such as the emergence of excessive debt.

Bill Esterson: Although I accept the analysis in the first half of the right hon. Gentleman's answer, I wonder whether the fact that financial services companies donated 51% of all funds to the Conservative party has led to a conflict of interests that prevents adequate regulation.

Mr Osborne: I think that I pointed out in an earlier exchange that an ex-Lehman Brothers and RBS banker contributed to the leadership campaign of the shadow Chancellor, so if the hon. Member for Sefton Central (Bill Esterson) wants to make that point again, and if you would allow, Mr Speaker, perhaps he could intervene.

Sir Peter Tapsell (Louth and Horncastle) (Con): Does the Chancellor agree, as I do, with the Governor of the Bank of England in asserting that if we are to avoid another banking crisis in this country, we must have a complete separation between commercial and investment banks, which of course create these collateralised debt obligations?

Mr Osborne: If my hon. Friend will allow me, I will keep my personal views on this matter private while we await the publication of the independent commission that has been set up to look at this issue, and which I, the Business Secretary and the whole House will have to consider. It is producing its interim report in April, and will produce a final report in September. Let us remember that the commission was set up by this Government to ask the difficult questions of the kind that he is asking, because we are determined not to repeat the mistakes of the past.

Looked-after Children (Saving Schemes)

2. **Sheila Gilmore** (Edinburgh East) (Lab): If he will bring forward proposals for a scheme to provide looked-after children with a savings account or trust fund funded by contributions from the Exchequer; and if he will make a statement. [47919]

The Chancellor of the Exchequer (Mr George Osborne): In October, the Government announced that we will create a new tax-free children's savings account to be known as the junior ISA. We expect the accounts to be available from this autumn, and will be setting out details of how they will work next week. As the hon. Lady and the right hon. Member for Wythenshawe and Sale East (Paul Goggins), who is my constituency neighbour, will know, Barnardo's and Action for Children have proposed that these accounts be used to support saving for looked-after children. I know that these children face particular challenges, and I can tell the House that the Department for Education will work with others to make the necessary funding available to ensure that we can provide the support that they deserve. We will work with charities and interested parties to develop detailed proposals funded by the Government, so that junior ISAs can best support these children.

Sheila Gilmore: There were warm words on this last summer when the child trust funds were abolished, and there are warms words now, but will the Chancellor tell us when such a savings scheme, backed by the Government, will be introduced for looked-after children?

Mr Osborne: I have just announced the money for the scheme that the hon. Lady asked me about, and we will now engage with Barnardo's and Action for Children. I have seen their report, "On Our Own Two Feet", and we will provide the funding to make the scheme a reality for looked-after children.

Mr Edward Timpson (Crewe and Nantwich) (Con): As chairman of the all-party group on looked-after children and care leavers, I warmly welcome my right hon. Friend's announcement today. Is he aware that the proposal has widespread cross-party support? The fact that the Government have listened to all representations and taken steps to make provision for the most vulnerable children in our society is extremely welcome.

Mr Osborne: I thank my hon. Friend for those words of support. I know that he has personal experience, through the work his family have done with children in care, of the contribution that society can make to helping these children. Frankly, all Governments have struggled to provide a decent level of care for the

children to whom we owe the greatest obligation. As I said, I will engage with interested Members of Parliament, particularly my constituency neighbour, the right hon. Member for Wythenshawe and Sale East, and the two charities that produced the report to make this a reality and get it up and running as soon as possible.

Mr David Hanson (Delyn) (Lab): May I remind the Chancellor that he broke his original election promise—a promise he made in the general election and ripped up on 3 January—to provide a trust fund for the poorest third of families? I welcome his announcement today, but we will look at the detail. We pushed on this issue in Committee on the abolition of the child trust fund Bill, and my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins) has pushed outside that Committee. We welcome this announcement, but can the Chancellor say what that contribution will be and, given that this is a Department for Education issue, as he has said, whether the provision will extend to Scotland, Wales and Northern Ireland, as the trust fund originally did?

Mr Osborne: First, of course we will ensure that the scheme is available across the UK, although the exact design has to be determined with the charities. I have listened to the case made not so much by those on the Opposition Front Bench—if the right hon. Gentleman does not mind my saying so—but by the right hon. Member for Wythenshawe and Sale East and the two charities concerned. The sum of money involved will be around £5 million.

Paul Goggins (Wythenshawe and Sale East) (Lab): There is a bit of good neighbourliness breaking out on the eve of the Budget. I welcome the announcement that the Chancellor has made this afternoon. Three quarters of young people leaving care do so with no savings whatever, yet they are expected to be almost totally self-reliant. As ever, the devil will be in the detail, but I am certainly prepared to work with the charities and his Ministers to ensure that we get a scheme that is effective in giving support to care leavers.

Mr Osborne: I thank the right hon. Gentleman for his support—we are one big happy coalition on this issue. I will ask Treasury officials to engage with him so that we get this right. We have to work in a way that is not bureaucratic, but gets money to those who really need it. Having looked at the issue, I think perhaps the best route is to work closely with the charities that know the sector best. Let us work together and make the scheme work.

VAT (Road Fuel)

3. **Albert Owen** (Ynys Môn) (Lab): If he will estimate the revenue to the Exchequer attributable to receipts from the increase in the standard rate of value added tax on road fuel. [47920]

5. **Vernon Coaker** (Gedling) (Lab): If he will estimate the revenue to the Exchequer attributable to receipts from the increase in the standard rate of value added tax on road fuel. [47922]

The Economic Secretary to the Treasury (Justine Greening): The VAT forecast is estimated on an aggregate basis, as registered traders are not required to record in their VAT return the type of goods or services on which VAT has been collected.

Albert Owen: I agree with the Prime Minister that VAT is a regressive tax that hits the poorest hardest. Today's figures show that the rise has also pushed up inflation, hitting people in their pockets and at the pumps. Will the Treasury team look again at the VAT rise on fuel—which is hurting motorists, hauliers, businesses and families across the country—and reverse it?

Justine Greening: I welcome the hon. Gentleman's concern for motorists. However, I note that when the VAT rise passed through Parliament on 13 July 2010, he did not vote against it. I assure him that the Government are looking at what we can do to support motorists, hauliers and businesses with the cost of fuel, but I have to say that his party's proposal on VAT is illegal, unworkable and unfunded.

Vernon Coaker: Does the Minister agree with the Transport Secretary—who, on the "Daily Politics" show on 2 March, dismissed the rise in VAT as a spurious argument—or does she agree with my constituents that by adding £1.35 to the cost of filling up a 50-litre tank with fuel, the VAT rise is the wrong tax at the wrong time?

Justine Greening: Perhaps the hon. Gentleman should talk to his former Prime Minister, Tony Blair, or the right hon. Member for Edinburgh South West (Mr Darling), the former Chancellor, who both said that our decision to raise VAT was necessary to tackle the huge deficit that was left by his party. Again, if he is so concerned about the VAT rise, how come he did not vote against it last July?

Michael Fallon (Sevenoaks) (Con): Will my hon. Friend confirm that the Government inherited plans for six increases in fuel duty from their predecessor, four of which have yet to come into effect? Of all the groups of people who are quite reasonably concerned about the increasing cost of fuel, surely the least qualified is the Labour party.

Justine Greening: My hon. Friend is absolutely right. In fact, the previous Government introduced 12 duty rises during their time in office. As he pointed out, they also legislated for a further six rises, bringing in the fuel duty escalator, and these would have been on top of inflation rises. It was absolutely amazing to see the Labour party table a motion last week bemoaning the amount of tax that motorists are paying, when they legislated for all—

Mr Speaker: Order. I am grateful to the Minister, but we must concentrate on the policy of the Government.

Stephen Williams (Bristol West) (LD): I am sure that the Chancellor will respond to the concerns of the motorist tomorrow in a fiscally responsible and environmentally sustainable way, but does the Minister agree that road

fuel duty is a blunt instrument for taxing motoring, and that what we need in the long run is a more flexible, market-oriented mechanism for taxing road use?

Justine Greening: Obviously, my hon. Friend has his ideas about how he would like to see motorists being taxed in relation to the environment. He will be aware that the way in which vehicle excise duty is structured encourages motorists to purchase and use cars with lower emissions.

Ms Angela Eagle (Wallasey) (Lab): On the day that diesel prices have hit a new high and inflation has jumped higher still, making the squeeze on living standards even worse, why do not the Government admit that they got it wrong on VAT and give struggling working people some much-needed support by reversing the Tory VAT rise on petrol, which would take 3p off the price of a litre? Just do it!

Justine Greening: The hon. Lady says, "Just do it!", but she should know that that is simply not legally possible. She fully understands that. The reason that the Opposition are talking about that is that the fuel duty rises that are coming through were legislated for by Labour, so they are desperately looking for something to say about an issue that they themselves created. She knows that her policy on the VAT rise is illegal, totally unworkable and completely unfunded. Labour wants to take seven years to support motorists; we want to see what we can do to support them now.

Charlie Elphicke (Dover) (Con): Will the Minister tell us by how much duty has risen in recent years, and whether the person who put the duty up is in the House today?

Justine Greening: When the Labour Government came to power in 1997, fuel duty was 36.86p per litre. By the time they left office, it had risen to 57.19p per litre. As I am sure my hon. Friend is aware, one of the architects of those tax rises was then the chief economic adviser to the Treasury; he is now the shadow Chancellor.

Employment (VAT Rise)

4. **Lindsay Roy** (Glenrothes) (Lab): What assessment he has made of the effect on levels of employment of the increase in the standard rate of value added tax. [47921]

8. **Mike Gapes** (Ilford South) (Lab/Co-op): What assessment he has made of the effect on levels of employment of the increase in the standard rate of value added tax. [47925]

The Chief Secretary to the Treasury (Danny Alexander): The Government have taken urgent and unavoidable action to tackle the deficit and to put the public finances on a sustainable footing. That is essential for jobs and growth. Raising the standard rate of VAT is an important element of the plan and, in November, the Office for Budget Responsibility's forecast, which took full account of the VAT increase, was for total employment to rise by 1.1 million in 2015.

Lindsay Roy: I thank the Minister for that answer. Will he tell us what impact the VAT rise has had so far on himself and his family?

Danny Alexander: The VAT rise of course leads to increased prices in the shops, and that affects everyone in the House.

Mike Gapes: The Chief Secretary to the Treasury had a meeting—a crisis meeting, according to *The Daily Telegraph*—with senior retailers a few weeks ago. Was there any discussion of the impact of the VAT rise at that meeting?

Danny Alexander: I did indeed meet senior retailers from the British Retail Consortium and we discussed a whole range of issues in a private meeting. If the hon. Gentleman is interested in the consortium's views, he should listen to what its director general said on 20 October, the day of the spending review. He said that delays in public expenditure cuts

"would just store up more pain for later, risking increased borrowing costs, higher taxes and more job losses."

Alec Shelbrooke (Elmet and Rothwell) (Con): Which does my right hon. Friend think is the lesser evil: a rise in VAT that does not apply to food or children's clothes, or taking almost 1 million of the lowest paid workers out of income tax altogether?

Danny Alexander: I certainly think that our Government have got their priorities right when it comes to lifting the burden of income tax on low-income workers. The increase in the personal allowance by £1,000, which will come into effect in April this year, will ensure that 880,000 low-income workers will no longer pay income tax. Furthermore, 23 million basic rate taxpayers will see a tax cut of £200 next year.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Has my right hon. Friend considered the letter sent to him by the chair of the tourism group of the Sutherland Partnership, which outlined the importance of tourism for employment in the area and the barriers that VAT is creating, particularly in relation to road fuel? Is there anything that the Government can do to mitigate that effect?

Danny Alexander: I have seen that letter and, as a fellow highland MP, I am fully aware of the impact that high fuel prices have on families and individuals. We have already taken steps to deliver a 5p duty discount to island communities, and I hope that we will be able to do what we can tomorrow, but that will be a matter for the Chancellor to announce in the Budget statement.

Mr Speaker: Eric Joyce is not here. I call Andrew Stephenson.

Manufacturing

7. **Andrew Stephenson** (Pendle) (Con): What fiscal measures he has taken to support economic growth in the manufacturing sector. [47924]

12. **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): What fiscal measures he has taken to support economic growth in the manufacturing sector. [47929]

The Chancellor of the Exchequer (Mr George Osborne): Manufacturing is now expanding after years of contraction. In order to support it, the June Budget contained four reductions in the main rate of corporation tax and a cut in the small companies rate from 21% to 20%. The manufacturing sector is expected to gain over £250 million annually when the package is fully implemented. We have committed ourselves to 75,000 more apprenticeships and nine university-based centres for manufacturing. Tomorrow's Budget will set out further details of the Government's plan for sustainable, private sector-led, balanced growth.

Andrew Stephenson: On Friday I visited Kirk Environmental, a company in Nelson that specialises in turning waste into electricity and usable biogas. It is experiencing rapid sales growth internationally, is recruiting more locally, and is at the forefront of the United Kingdom's transition to a low-carbon economy. What incentives is my right hon. Friend providing to encourage such companies to invest more in Pendle and in the United Kingdom?

Mr Osborne: As I am sure my hon. Friend knows, in the spending review we allocated £860 million to the new renewable heat incentive, and earlier this month, in the House, my right hon. Friend the Secretary of State for Energy and Climate Change announced the introduction of the first phase of the scheme. It provides financial incentives to support a range of technologies and fuels, including those involving the use of biogas. I hope that that will help excellent companies such as Kirk in my hon. Friend's constituency.

Stephen Metcalfe: Does the Chancellor regret the fact that manufacturing declined by 50% under the last Government? What plans has he to reverse that trend as we rebalance our economy, so that companies actually start to make things again in the United Kingdom, as they are already doing in South Basildon and East Thurrock?

Mr Osborne: My hon. Friend is right. The share of manufacturing in our economy halved during the years of the Labour Government. However, there is good news today: the CBI industrial trends survey shows that total order books are growing for the first time in three years. We are determined to move from an unbalanced economy that placed all the bets on the City of London to an economy that grows across the regions and in all sectors.

Mr Andrew Love (Edmonton) (Lab/Co-op): The trade-weighted exchange rate has fallen by 20% in the last few years. Manufacturing has not increased as much as we expected, and there are even worse figures for the investment industry. What is the Chancellor doing to ensure that we gain the advantages of that exchange rate depreciation?

Mr Osborne: I do not know why Opposition Members want to talk down the British economy. What the chief economist at the CBI said contrasts with the hon. Gentleman's remarks about manufacturing. The chief economist said:

"The outlook for UK manufacturing output growth is very encouraging."

We are going to support manufacturing. We have the corporation tax cut that I announced in last June's Budget, and we have the new centres for innovation and manufacturing. We are going to help manufacturing, whereas Labour shrank manufacturing.

Barbara Keeley (Worsley and Eccles South) (Lab): Talking of making things, a small manufacturing firm in my constituency is investing in the development of a new engine. If it moved into production, hundreds of jobs would be created in the 15th most deprived area in the country. Will the Chancellor tell us why the Government have cut Labour's investment allowances, which would be just the thing to help and support a small and vital manufacturer like the one in my constituency?

Mr Osborne: Manufacturers, including the one to which the hon. Lady has referred, benefit to the tune of £250 million from the reductions in corporation tax that we announced in the June Budget. That is what we have done to support British industry. As I have said, under the Labour Government British industry shrank: while the share of the economy taken by financial services grew by a third, the manufacturing share halved.

George Freeman (Mid Norfolk) (Con): Does my right hon. Friend agree that, as we see signs that business confidence in the economy is being restored, tomorrow's Budget presents a key opportunity to support the high-technology entrepreneurs who put their own wealth at risk in starting the businesses of tomorrow?

Mr Osborne: Yes, we will support enterprise and innovation in tomorrow's Budget, but my hon. Friend will have to be patient and wait until then to hear about the precise measures that are involved.

Ed Balls (Morley and Outwood) (Lab/Co-op): Manufacturers up and down the country and the whole House are awaiting the Chancellor's long-delayed growth strategy to be published tomorrow, but I have a copy of that document with me today. It says:

"Growth comes first for this Government"

and that their strategy will

"underpin private confidence, investment and job creation."

The Chancellor has no need to worry however, as I will not be handing this document to the press. I read it last night and, frankly, there is nothing in it worth leaking. Has this document been audited by the Office for Budget Responsibility? Is the Chancellor really clear that getting rid of maternity and paternity rights and enterprise zones will boost jobs and growth in our economy? Is this going to be enough to stop the Budget growth forecast tomorrow being downgraded for this year and next?

Mr Osborne: I am not sure that that is the document in question—but if the right hon. Gentleman hands it over, I will have a look—because we are not getting rid of maternity and paternity rights, so I do not know where he got that from. Besides, I have a copy of his

document, and it contains all the spending commitments he has been making. If he cannot control his own Front-Bench colleagues, how on earth is he going to control the nation's finances?

Ed Balls: Is this really the best the right hon. Gentleman can do? I bet he will have Treasury officials scrabbling around all afternoon trying to deliver a further 1p cut in corporation tax tomorrow and a further tax cut for the banks. Let us wait and see. The fact is that a year ago inflation was low and unemployment was falling, and a year on, as we see today, inflation is up to 4.4% and borrowing is higher than a year ago, not to mention unemployment. If the Chancellor will not listen to me, will he listen to his colleague who said:

"We must not cut Government spending too soon and risk plunging a fragile recovery back into recession. Cuts without economic growth will not deal with the deficit"?

The Business Secretary was right. Why will the Chancellor not listen?

Mr Osborne: The right hon. Gentleman really needs to brush up on his question practice, but let me say this to him: the idea that we were somehow left a fantastic economy by the Labour party is quite the most ludicrous claim in the country, and the only reason he makes it is because he was responsible for the economic mess that left this country on the brink of bankruptcy.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): One of this country's great manufacturing success stories is world-leading subsea engineering that has grown up on the back of investment in the North sea oil and gas industry, based in my constituency but working throughout the United Kingdom. What reassurance can the Chancellor give my constituents that the Government will build on their constructive relationship to ensure a fiscal regime that maximises investment in North sea oil and gas production and exploration and that boosts the manufacturing that supports that?

Mr Osborne: Of course we want to ensure that we prolong the life of the North sea fields. One area on which we can work with the industry is ensuring greater certainty about decommissioning costs and about the tax regime that was operated under previous Governments and how that will apply over the next 10 years. I hope to work with the industry on that.

Public Expenditure Reductions

9. **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): If he will review the pace of proposed reductions in public expenditure to take into account GDP figures for the fourth quarter of 2010. [47926]

The Chief Secretary to the Treasury (Danny Alexander): I welcome the hon. Lady to the House. The short answer to her question is no. Of course, growth in the final quarter of last year was disappointing, but, as we always said, the recovery in the early stages would be choppy. Deficit reduction is the essential precondition for growth, and the OBR's November forecast stated that we would see growth in every year of the forecast.

Debbie Abrahams: Will the Chief Secretary explain to my constituents who are either unemployed or facing redundancy how his Government's catastrophic economic policy is in the interests of the country? Clearly, we are not all in this together.

Danny Alexander: I hope the hon. Lady will take the opportunity to explain to her constituents that it is the legacy of the previous Labour Government that has caused the enormous mess and all the problems in our economy. They left us with the largest Budget deficit in Europe, and one of the largest in the world. Countries in our position have to take the sort of action we have taken, or risk being in a much deeper mess. If that is what she is advocating, I suggest she tells her constituents.

Margot James (Stourbridge) (Con): We are spending £120 million a day on debt interest—£1 billion by the end of next week. How many representations has my right hon. Friend received from reputable international and national organisations advising him to slow the pace of deficit reduction?

Danny Alexander: None. The hon. Lady will be aware of the report that the OECD published last week, which strongly endorsed our plans. Its general secretary, Angel Gurría, said that the fiscal position we inherited was "clearly unsustainable" and that the

"consolidation measures and plans that the"—

Government—

"have put in place were therefore vital."

I agree with that.

Chris Leslie (Nottingham East) (Lab/Co-op): Today's inflation figures show a sharp leap in the retail prices index to 5.5%, the highest level in 20 years. That hits not only living standards, but public service expenditure plans. Is the Chief Secretary sticking to the coalition agreement guarantee of real-terms growth for the NHS in each year or is he resolutely sticking to his plan A, regardless of economic realities?

Danny Alexander: We are sticking to the spending plans that we set out in the spending review, and that is the right thing to do. Of course I understand that inflation has an effect on people's living standards, which is why it is particularly important to emphasise the increase in the personal income tax threshold—£1,000 extra on the threshold—that comes into force this April, which will put £200 back into the pockets of hard-working people in this country. That is the action this Government are taking to help people through these difficult times.

Budget Deficit

10. **Stephen Phillips** (Sleaford and North Hykeham) (Con): By what date he expects revenue to the Exchequer to match levels of public expenditure. [47927]

The Financial Secretary to the Treasury (Mr Mark Hoban): Excluding capital expenditure, the Office for Budget Responsibility forecasts revenue to exceed current expenditure by 2015-16. This is further evidence that this Government believe that the country should live within its means.

Stephen Phillips: I am grateful to my hon. Friend for that answer. The shadow Chancellor was reported as saying in Saturday's *The Daily Telegraph*:

"The idea that Labour profligacy caused the crisis is utter tosh."

Does my hon. Friend agree that the only tosh to be seen in that statement is the suggestion that Labour had not created the mess we are in? Is it not the case, as the CBI has said, that the previous Government's target of balancing the budget by 2018 was set too far off to—

Mr Speaker: Order. We are asking about current policy, and some of these questions are simply—*[Interruption.]* Order. We have got the gist.

Mr Hoban: My hon. and learned Friend is absolutely right, and a number of organisations, both at home and abroad, have criticised the lack of ambition of the previous Chancellor's plans. That is why the Obama Administration, the International Monetary Fund, the OECD, the Institute for Fiscal Studies, the CBI, the Governor of the Bank of England, 35 leaders of British businesses, the European Commission, the World Bank, three major credit rating agencies and the world's biggest bond trader have been backing our plans—the only person the shadow Chancellor can find to back his is *The Guardian*.

Tony Lloyd (Manchester Central) (Lab): Public expenditure is to be matched by revenue in 2015, but has the Treasury made any estimate of the amount of growth and employment that will have been forgone by these policies of making too-deep cuts too quickly?

Mr Hoban: The hon. Gentleman should pay attention to the forecast produced last year by the OBR indicating that the economy would continue to grow in each year of this Parliament.

Stephen Hammond (Wimbledon) (Con): Does my hon. Friend agree that real progress on growth has to be made through not only matching expenditure, but cutting the deficit, and that the OECD says that the only way we will get future growth is by ensuring that the deficit plans are continued and this Government pursue their policy?

Mr Hoban: My hon. Friend is absolutely right. The OECD is one of a number of organisations that have supported our plans. The IMF has said:

"The government's strong and credible multi-year fiscal deficit reduction plan is essential to ensure debt sustainability."

That theme continues to come across from international organisations, which demonstrates that we are on the right track to get this economy growing again and ensure that Britain continues to live within its means after a decade of a Labour Government who maxed out on the nation's credit cards.

Budget (Impact Assessments)

11. **Helen Goodman** (Bishop Auckland) (Lab): If he will (a) prepare and (b) publish an assessment of the relative effect of his forthcoming budget on women, families and ethnic minorities. [47928]

The Exchequer Secretary to the Treasury (Mr David Gauke): Consistent with the approach taken at the June Budget, the Government will publish analysis on the Budget's overall impact on households across the income and expenditure distributions in the Red Book. The Budget is an overall statement of economic policy containing a wide range of measures, and it is not possible to make a robust assessment of its overall impact on specific groups.

Helen Goodman: I am surprised by that answer. Since the general election, the Government have made 17 distinct cuts to tax credits and child benefit, which are paid to women. Tomorrow, the Chancellor will announce increases in personal allowances, which will benefit millions more men than women. Does the Minister think it is fair that money should be taken from women to give it to men?

Mr Gauke: All I can say is that I am surprised that the hon. Lady is opposed to increases in personal allowances and I suspect that she might be somewhat lonely in the Lobby opposing it.

Claire Perry (Devizes) (Con): Is the Minister aware of my freedom of information request from last September which found that the previous Government never carried out an equalities impact assessment—not in the March Budget, the December pre-Budget report or the March 2010 Budget? They never did it either.

Mr Speaker: Order. I am sorry but I must repeat, and I hope that the message will be heeded, that questions must be about the policy of the current Government.

Mary Macleod (Brentford and Isleworth) (Con): Does my hon. Friend agree that raising the income tax threshold, protecting spending on the NHS and increasing spending on social care will definitely benefit women?

Mr Gauke: My hon. Friend is absolutely right to highlight this point. Some of us recall the difficulty in getting distributional analyses out of the previous Government and it has to be said that this Government are taking great steps forward.

Kerry McCarthy (Bristol East) (Lab): The Chancellor chose to hit women three times as hard as men in his Budget last year and now, as living costs rise and the public sector is slashed, he wants to hit them yet again by changing the rules around maternity and paternity leave and flexible working in small companies. Is it really women whom the Prime Minister has in mind when he talks about taking on the enemies of enterprise, and can the Minister reassure the House that it will not be women who bear the brunt of tomorrow's Budget?

Mr Gauke: This is pretty desperate stuff. It is in the interests of the entire country that we sort out the public finances, even if the Labour party will not accept that.

Amber Rudd (Hastings and Rye) (Con): Does the Minister agree that the fact that we are not cutting the NHS will really support women because they are so often carers in their family and it is so important that we support them in that important role?

Mr Gauke: My hon. Friend is absolutely right and it is striking that the previous shadow Chancellor and the previous shadow Health Secretary said that it was madness to ring-fence the NHS. That is not the view of this Government.

VAT (Road Fuel)

13. **Anas Sarwar** (Glasgow Central) (Lab): What assessment he has made of the effect on road fuel prices of the increase in the standard rate of value added tax. [47930]

The Exchequer Secretary to the Treasury (Mr David Gauke): How much of the rise in the standard rate of VAT is passed on to consumers is a commercial decision for retailers.

Anas Sarwar: I thank the Minister for that answer. Treasury Ministers are very wrong to suggest that the calls to scrap the VAT increase on fuel is illegal and unworkable. There is precedent for it: the French President recently got a derogation from EU laws for French restaurants. Will this Government stand up for UK families who have been hard hit by the rise in fuel costs and look for derogation powers on fuel duty?

Mr Gauke: A week ago, the shadow Chancellor was saying that we needed an immediate cut in the tax on fuel and now the Labour party is saying that we should start a process that will take about seven years. That does not strike me as being terribly helpful.

Richard Graham (Gloucester) (Con): In terms of the value for money of decisions taken by the Treasury, whether on road fuel tax or other things, does the Minister agree that one of the best value creations of this Government has been the increase in apprenticeships, which is widely appreciated around the country? Does he agree that apprenticeships are critical both to our growth strategy and to the reduction of youth—

Mr Speaker: Order. I am sorry, but that question suffers from the disadvantage that it bears absolutely no relation whatever to the question on the Order Paper.

Mr Peter Bone (Wellingborough) (Con): May I suggest a much quicker way of changing the VAT rate without that being illegal—by pulling out of the European Union?

Mr Speaker: I have to say that that was not much better, but the Minister may have a go.

Mr Gauke: To be fair, if we wanted to reduce tax on fuel through the VAT rate that is exactly what we would have to do, so perhaps that is not the best way of doing it.

Budget Deficit

14. **Mark Lancaster** (Milton Keynes North) (Con): What recent representations he has received on measures to reduce the budget deficit. [47931]

The Financial Secretary to the Treasury (Mr Mark Hoban): The Government have received a number of representations for the Budget referring to the need to reduce the budget deficit. In addition, the Government's strategy has been endorsed by a number of organisations, including the OECD, which said in January that the Government should

"stay the course...The fiscal situation in the UK absolutely requires this approach".

Mark Lancaster: The Government's plan to eliminate the deficit by 2015 is in stark contrast to the Darling plan, which was simply to reduce it by half. What assessment has the Minister made of the likely impact of the Darling plan on the level of debt and the cost of servicing it?

Mr Hoban: If we had continued with the previous Government's deficit reduction plan, debt would still be rising in 2015, not falling, meaning that we would have to spend an extra £3 billion in one year on debt interest while still having to make spending cuts. The lack of ambition in the previous Government's plan put our credit rating at risk, thus threatening the prospect of higher interest rates and putting a brake on the recovery.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): When such representations were being made, was the Minister conscious of the effect that these cuts might have on young people in our country? Did he look at last week's level of unemployment among young people? When will his Government do something for young people in this country?

Mr Hoban: The legacy left by the previous Government was that youth unemployment was continuing to rise. The other problem with which the Opposition left us was that our children and grandchildren would have to pick up the tab for Labour's mismanagement of our economy. We need to get the deficit down to create the foundations for economic growth to ensure that more young people are back in work.

Duncan Hames (Chippenham) (LD): The Chief Secretary to the Treasury has certainly received representations from me on such measures, including about the estimated loss to the Exchequer of more than £100 million due to tax avoidance through low value consignment relief on VAT. Will the Minister at least confirm that the Government's conclusions on that will be shared with us in tomorrow's Budget?

Mr Hoban: I encourage my hon. Friend to be patient.

Economic Growth

15. **Mr Kevan Jones** (North Durham) (Lab): What recent assessment he has made of the effect on economic growth of the spending reductions set out in the June 2010 Budget. [47932]

16. **Mr Geoffrey Robinson** (Coventry North West) (Lab): What recent assessment he has made of the effect on economic growth of the spending reductions set out in the June 2010 Budget. [47933]

The Economic Secretary to the Treasury (Justine Greening): The independent Office for Budget Responsibility's November economic and fiscal outlook takes into account the spending plans set out in the 2010 spending review. The hon. Gentlemen ask about a recent assessment, and I can tell them that the OBR will publish an updated forecast alongside tomorrow's Budget.

Mr Jones: Durham university's economic model shows that between 45,000 and 50,000 individuals will lose their jobs in the north-east of England as a direct result of public expenditure cuts, including 20,000 in the private sector. What message does the Minister have for those individuals and also for the 10.2% of the north-east population who find themselves unemployed?

Justine Greening: Coming from a Labour Member, given that unemployment rose during his party's time in government, people will find that pretty hypocritical. The only way in which we will get sustainable jobs and a sustainable economy that is not as reliant on the public sector will be to carry out our deficit reduction plan. The hon. Gentleman will hear more about our growth review tomorrow.

Mr Robinson: Is not the Minister aware that all the independent indicators and forecasters suggest that there will be a sustained period of low growth below forecast, and that almost every single economic indicator is going in the wrong direction? Can she not therefore see that the Chancellor's plan is simply not working? Why are the Government in denial about that?

Justine Greening: I simply do not agree. As we have heard, every independent forecaster is backing our fiscal consolidation plan. The hon. Gentleman talks about evidence, but the retail sales volume grew strongly in January. The Chartered Institute of Purchasing and Supply purchasing managers index grew faster in January than analysts expected, while manufacturing reached a record high. Only today, the CBI industrial sector survey says that orders are going up. Our economy is rebalancing over time, and although the hon. Gentleman says that there is no evidence for that, there is such evidence. There is job creation, and that is what we will need if we are to turn our public finances around.

Jacob Rees-Mogg (North East Somerset) (Con): Is it not the case that the Government's debt reduction plan is absolutely right, as we see in the gilt market and the country's credit rating? Is it not also true that, throughout history, coalition and Conservative Governments clean up the economic mess left by socialists?

Justine Greening: My hon. Friend is right. The consequence of that economic mess is that Labour Governments always leave unemployment higher than when they came into office. It is always that that we seek to tackle. He is right that there is no alternative plan. We have heard about a defunct plan for VAT and petrol, but we have not heard from the Opposition any plan to tackle the deficit. They said they would have some thoughts. Clearly, they are totally thoughtless.

Sajid Javid (Bromsgrove) (Con): The Government inherited the largest budget deficit of any major country, yet today the UK enjoys one of the lowest interest rates of any major country. Does the Minister have an explanation for that?

Justine Greening: My hon. Friend is right to point out that the previous Government maxed out the country's credit card. Worse still, they want us to hand on those debts—their debts—to our children and grandchildren. The reason that we have been able to enjoy lower interest rates for our borrowing than countries such as Ireland is that the markets know that we have a plan to get our public finances back into shape. That is benefiting this country every day.

Topical Questions

T1. [47943] **Tom Brake** (Carshalton and Wallington) (LD): If he will make a statement on his departmental responsibilities.

The Chancellor of the Exchequer (Mr George Osborne): The core purpose of the Treasury is to ensure the stability of the economy, promote growth and jobs, reform banking and manage the public finances so that Britain finally starts to live within her means.

Tom Brake: More than 1,500 people in Sutton will be taken out of paying income tax altogether from next month as a result of the increase in the tax threshold. What estimate has the Chancellor made of the number of people who will be taken out of paying tax altogether in 2015, when the tax threshold is increased to £10,000?

Mr Osborne: I think my hon. Friend is getting a little ahead of himself. The commitment is to a real-terms increase in the personal tax allowance in each and every year. People will have to wait for the Budget tomorrow. The increase of £1,000 in the personal tax allowance has taken 900,000 people of out of tax.

T4. [47946] **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): Writing in *The Independent* at the end of 2009, the then shadow Chancellor said:

"If I become Chancellor, the Treasury will become a green ally, not a foe."

Will that pledge be reflected in tomorrow's Budget?

Mr Osborne: Yes, it will.

T2. [47944] **Mike Freer** (Finchley and Golders Green) (Con): The Financial Services Authority's mortgage market review stated:

"Our existing regulatory framework has been shown to be ineffective"

and that

"regulatory reform is needed to reduce the probability and severity of future financial crises".

Does the Minister agree?

The Financial Secretary to the Treasury (Mr Mark Hoban): My hon. Friend is right. The mortgage market needs reform, but it needs stability as well, which is why I welcome the statement by the FSA today. It says that it will not introduce reforms this year and will take into account overall economic stability before it introduces

any further changes. It has also made it clear that lenders should not pre-empt any conclusions from its review.

T5. [47947] **Bill Esterson** (Sefton Central) (Lab): Can the Chancellor confirm that between 1990 and 1997 the proportion of tax paid on a litre of fuel rose from 59% to 75%? Can he also confirm that the proportion of tax paid then fell by more than 10% between 1997 and 2010?

Mr Osborne: What I can confirm is that Labour left us with six duty rises. Now they are wriggling desperately to find some excuse to get off the hook they put themselves on.

T3. [47945] **John Pugh** (Southport) (LD): Can the Chancellor tell me when the Treasury's detailed investigation of the feasibility of incorporating a general anti-avoidance rule in British tax law will conclude?

The Exchequer Secretary to the Treasury (Mr David Gauke): My hon. Friend is right to highlight the matter. We have asked Graham Aaronson QC to undertake a study on the matter and he will report in the autumn.

T6. [47948] **Mrs Linda Riordan** (Halifax) (Lab/Co-op): Following the announcement last week by Lloyds of more job cuts, many of them in my constituency, to a work force who have showed total loyalty to the company, and as the Government own a large percentage of the company—a company that made more than £2 billion profit last year—will the Chancellor intervene to protect people's jobs and livelihoods, and stop the constant drip-feed of job losses by Lloyds?

Mr Osborne: Of course we are concerned when people lose their jobs, including in the banking sector, but what Lloyds is undergoing is the process of merging HBOS with Lloyds bank, which was waved through by the previous Government.

T7. [47949] **Dr Julian Huppert** (Cambridge) (LD): I have had the privilege of talking to the Chancellor about a charter for entrepreneurs that I drew up, based on discussions with entrepreneurs in and around Cambridge. I am sure he will not want to pre-empt what he will say tomorrow, but can he say that he has looked carefully at some of those issues, in particular reforming the enterprise investment scheme and enterprise management incentives, and making research and development tax credits easier for small companies?

Mr Osborne: I have a copy of the hon. Gentleman's document here. He has some excellent ideas on promoting enterprise and entrepreneurs. He will have to wait until tomorrow to see how we respond to them.

T8. [47950] **Mr Geoffrey Robinson** (Coventry North West) (Lab): Can the Chancellor not see that the figures —current and forecast—for inflation, unemployment, growth, borrowing and even the deficit are all way off his target? Can he not see that the plan is not working, or is it a sad case of him not wanting to see?

Mr Osborne: What I would say to the hon. Gentleman is this: we inherited a record budget deficit and there was no credible plan to deal with it. We put a plan in place and it is supported by the international community. The result of all this is that we have interest rates that are closer to Germany's, despite having been left a deficit that is bigger than Portugal's or Greece's.

Mr Andrew Tyrie (Chichester) (Con): Will the Chancellor make every effort to keep the House informed about the cost of our operations in Libya by providing an estimate at the earliest opportunity? Will he also tell us whether those costs will be funded from the Ministry of Defence budget or drawn from the Treasury reserve?

Mr Osborne: My hon. Friend alerted me to the fact that he might ask this question. The House will understand that it is too early to give a robust estimate of the costs of the operations in Libya, but I can say that they should be modest compared with some other operations, such as Afghanistan. The MOD's initial view is that they will be in the order of tens of millions of pounds, not hundreds of millions. I can tell the House today that whatever they turn out to be, the additional costs of operations in Libya will be fully met from the reserve.

T9. [47951] **Mr Kevan Jones** (North Durham) (Lab): The Chancellor said on Sunday that the present financial difficulties were the result of "a decade of overspending", so can he tell the House why in July 2008, 11 years into a Labour Government, the then Leader of the Opposition, now the Prime Minister, told the CBI conference

"we are sticking to Labour's spending totals"?

Mr Osborne: What we did on coming into office was set out a credible plan to reduce the budget deficit that has moved this country out of the financial danger zone. One month ago, the shadow Chancellor told his entire Front-Bench team not to make any spending commitments, and after that they committed to more than £10 billion of spending commitments. They have opposed £50 billion of the cuts. It is completely incredible, and that is why they cannot find any reputable organisation in the world to agree with them.

Mr Douglas Carswell (Clacton) (Con): How high would inflation need to be before we halted further quantitative easing, stopped printing money and raised interest rates?

Mr Osborne: The Bank of England's Monetary Policy Committee is of course independent. It is set a target by the Chancellor, and I expect the Bank to pursue that target.

T10. [47952] **Graeme Morrice** (Livingston) (Lab): Contact a Family and the Children's Trust have been campaigning for a change to the current rule that suspends disability living allowance payments for children under 16 once they have spent 84 days in hospital. The cost of this is around £3 million, compared with the overall deficit reduction measures of £80 billion. As this is a financially driven measure, will the Chancellor undertake to discuss the funding issue with colleagues in the Department for Work and Pensions so that some of the most severely disabled and sick children and their families continue to receive the financial support required when they need it most?

The Chief Secretary to the Treasury (Danny Alexander): The Secretary of State for Work and Pensions is bringing forward proposals to reform the disability living allowance system and replace it with a new personal independence payment. I am sure that he will have heard what the hon. Gentleman said and will be very happy to discuss the matter with him.

Greg Mulholland (Leeds North West) (LD): The previous Government's beer duty escalator was damaging to pubs, ill-considered and did not raise the revenue that it should have done. Considering that the Prime Minister has said that he wants this to be a pro-pub Government, will we get some good news for pubs tomorrow?

The Economic Secretary to the Treasury (Justine Greening): The hon. Gentleman will have to wait until tomorrow's Budget, but he will recognise that in the emergency Budget last year we left beer duty frozen.

Stewart Hosie (Dundee East) (SNP): The Chancellor knows that the long-term solution to the spikes in fuel prices is a stabiliser or a regulator, and hopefully we will hear about that tomorrow. However, is he aware that the price rises in fuel over the past four of five weeks equate to an additional £1,000 a year for running every truck in the country? Does he not agree that that is hugely inflationary and utterly unsustainable?

Mr Osborne: Of course, the very sharp rise in the world oil price has posed a challenge to lots of economies—all but the oil-exporting economies. That is one of the headwinds currently facing the global economy. Specifically on fuel duty and other issues, the hon. Gentleman will have to wait for the Budget.

Andrea Leadsom (South Northamptonshire) (Con): Will my right hon. Friend undertake very carefully to consider improving the diversification of financial services provision in the way that United Kingdom Financial Investments Ltd divests itself of taxpayers' shareholdings in the banks?

Mr Osborne: I am very happy to consider a number of ideas that have been put forward, but we have not yet reached that stage. If we sold the bank shares today, we would still be making a loss as a nation. That is an indication of the scale of the banking crisis. When we come to put those banks back in the private sector, I am sure that there will be a healthy debate in this Parliament and elsewhere about how we treat the proceeds.

Andrew Gwynne (Denton and Reddish) (Lab): Ministers will be aware that there is a sunset clause in the Debt Relief (Developing Countries) Act 2010, which comes into effect in June. Does the Treasury have a view about renewing this important landmark legislation, which tackles the worst abuses of vulture funds?

Mr Gauke: I am grateful to the hon. Gentleman for asking that question. That legislation will remain on the books and—I do not think we have announced this formally before—we will put it on a permanent footing.

Jesse Norman (Hereford and South Herefordshire) (Con): Is my right hon. Friend aware that the Governor of the Bank of England confirmed to me recently in the Treasury Committee that without the current austerity measures, our international borrowing rates would be some 3% higher?

Mr Osborne: Of course, the Governor of the Bank of England is one of many people who have pointed out that there was no credible plan when we came into office and that we have put a credible plan into place.

Mr Chuka Umunna (Streatham) (Lab): The Chancellor and other Ministers have cited investor confidence as the reason why they cannot revise their original plan for fiscal consolidation, but Jonathan Portes, the immediate former chief economist at the Cabinet Office, said:

"This is not a justification, economic or otherwise, for"

not changing policy. He said that

"it relies on an odd view of market psychology, one that says markets have more confidence in governments that never adjust policy, even when it is sensible, from an economic perspective, to change course."

Why is he wrong?

Mr Osborne: Our country's credit rating was on negative watch when we came to office and as a country we did not have a credible plan to reduce the budget deficit. Since that plan has been put in place we have been able to see the effects because our market interest rates and our spreads over bunds have come down. We have interest rates that are closer to Germany's despite, as I have said, having a budget deficit left to us that was higher than either Greece's or Portugal's.

Richard Harrington (Watford) (Con): Would my right hon. Friend the Chancellor like to inform the House which organisations have made representations to him that the deficit should be halved over the course of this Parliament?

Mr Osborne: *The Guardian* newspaper.

Ian Paisley (North Antrim) (DUP): The Chancellor might know that my constituent, Jenifer Herald, employs 40 people in Northern Ireland in a number of Subway cafés. The chief executive officer of that company has written to the Chancellor to say that inconsistent VAT policies for toasted sandwiches are damaging the growth of that industry. Does the Minister intend to review how VAT applies to toasted sandwiches and does he, like me, want to get his toasted sandwiches at a reasonable price?

Mr Gauke: I am grateful to the hon. Gentleman for his question. I, too, have received many representations on this point. Of course, we keep VAT under review within the restrictions that exist.

Mr Aidan Burley (Cannock Chase) (Con): Is the Minister aware that according to the Institute for Fiscal Studies, if we only halve the deficit rather than close it completely over the lifetime of this Parliament, we will spend an extra £10 billion on interest? Does he think that that is money that would be better spent on schools and hospitals in this country rather than foreign investment bankers?

Mr Osborne: I certainly do. This country is spending £120 million a day on debt interest, which is now one of the largest items of Government spending. These are taxes we raise from people and money we borrow to pay debt interest. The truth about Labour's plan is that it would mean billions of pounds more in debt interest—something that will become clear later in the Parliament.

Jim McGovern (Dundee West) (Lab): I am sure the Chancellor and his Front-Bench colleagues will be aware of the recent Scottish Affairs Committee report on the computer games industry in the UK, which states that there are "compelling reasons" for introducing tax relief. Will he tell me, the House and people in my constituency, where the industry is very important, just what progress has been made?

Mr Gauke: That industry, like other industries, will benefit from the policies that we have introduced to ensure that we grow more strongly and have pro-business policies. On video games tax relief, we looked at it and did not feel that it achieved good value for money for the taxpayer.

Jessica Lee (Erewash) (Con): May I welcome the recent visit by the entire Cabinet, including of course my right hon. Friend the Chancellor, to the city of Derby, near my constituency? Manufacturers and wealth creators have been waiting for a long time for some support in the east midlands, and I would be grateful if my right hon. Friend could set out what plans are in place to assist that important area.

Mr Osborne: At that meeting at Rolls-Royce, John Rose made a very compelling case for how little we had done as a country to support our manufacturing sector. We will set out policies tomorrow to assist, and we have already, as I said, put in place four annual reductions in the corporation tax. More broadly, we have to get away from a model of growth that was pursued over the last decade—based on excessive debt, and growth in one sector, the City of London, in one corner of the country, the south-east. We must have more balanced and sustainable growth in the future.

Ian Murray (Edinburgh South) (Lab): Does the Chancellor of the Exchequer recall saying at the end of 2007:

"Today I can confirm for the first time that a Conservative Government will adopt these"—

Labour's—

"spending totals...to...the year 2010-11"?

Does he regret calling the article, "Tories cutting services? That's a pack of lies"?

Mr Osborne: We got into office in 2010-11, and we abandoned those spending plans for the years ahead.

Stephen Barclay (North East Cambridgeshire) (Con): The Chancellor has a strong commitment to open and transparent government. Will he therefore ask his officials to look again at the number and value of special severance payments paid by foundation trusts, which must be reported to his Department but which his Department is not currently willing to disclose?

Danny Alexander: I should be very happy to look again at the matter and to talk to the hon. Gentleman about it.

Several hon. Members *rose*—

Mr Speaker: Order. As usual, demand has exceeded supply, but I am afraid we must move on.

Student Visas

3.32 pm

The Secretary of State for the Home Department (Mrs Theresa May): The UK has a worldwide reputation for providing quality education to overseas students, and Britain is rightly the destination of choice for many people wishing to study abroad, but under the previous Government the student visa system became the symbol of a broken and abused immigration system. Labour claimed that it had capped unskilled immigration at zero, but it was happy just to sit back and watch as unskilled migrants abused the student route to come here. We had too many people coming here to work and not to study, we had too many foreign graduates staying on in the UK to work in unskilled jobs, and we had too many institutions selling immigration, not education.

We want to attract only the best and the brightest to Britain. We want high-quality international students to come here, we want them to study at genuine institutions whose primary purpose is providing a first-class education, and we want the best of them—and only the best of them—to stay on and work here after their studies are complete. That is exactly what we are doing across all the immigration routes: tightening up the system, tackling the abuse and supporting only the most economically beneficial migrants.

I have already announced and begun to implement our plans to limit economic migration—cutting the numbers by more than one fifth compared with last year. I will return to the House later this year with a consultation that will set out proposals to break the link between temporary migration and permanent settlement. I also intend to consult on changes to the family migration route. I will be bringing forward proposals to tackle sham marriages and other abuse, promote integration and reduce the burdens on the British taxpayer. We aim to reduce net migration from the hundreds of thousands back down to the tens of thousands.

The most significant migrant route to Britain is the student route, and we must take action there, too. Immigration by students has more than trebled in the past 10 years, and it is now far larger than immigration through the work or family routes. It is unsurprising that more and more overseas students are attracted by our world-renowned higher education institutions, but there has also been an increase in abuse in the private further education sector.

Students now make up the majority of non-EU migrants: including their dependants, they accounted for about two thirds of the visas issued last year under the points-based system. When Labour introduced the current system in 2009, almost a third more student visas were issued that year than the year before—an increase from 230,000 to 300,000. Numbers were so high that the UK Border Agency had to suspend student applications in some parts of the world because it could not cope with the demand, and much of that demand was simply not genuine. We have so-called students turning up at Heathrow airport who cannot answer basic questions in English or even describe what their course is about. One institution has an intake of 90% international students and asks only for GCSE-level qualifications to do a supposedly degree level course. Another college's own sales agent actually helped a student to cheat in their entry exam. Legitimate colleges should still be able to recruit legitimate overseas students, but we need to stop the abuse and return some common sense to our student visa system.

The current system is based on a sponsorship regime that trusts educational institutions to assess the quality and ability of students, and puts the responsibility on the institution to ensure that the student is in fact studying and obeying the immigration rules. That trust has been well placed in some sectors: universities, independent schools and publicly funded further education colleges mostly take their sponsorship duties seriously and act responsibly. But some, particularly in the private FE sector and parts of the English language college sector, are not exercising the due diligence we expect. Those institutions make up the largest single group on the sponsor register. The sector is essentially unregulated; those institutions are not subject to a statutory system of education inspection and can offer any type of course they like. Although some of them are legitimate, for many their product is not an education, but immigration, together with the ability to work here.

It is absolutely clear that the current regime has failed to control immigration and failed to protect real students from poor-quality colleges. That is why the proposals I am announcing today are unashamedly targeted at the least trustworthy institutions. Our proposals protect the interests of our world-class universities, protect our leading independent schools and public FE colleges and, ultimately, are in the best interests of legitimate students.

In future, all sponsors will need to have been vetted by one of the approved inspectorates—Ofsted and its devolved equivalents, the Quality Assurance Agency or the relevant independent schools inspectorate—and all must become highly trusted sponsors. Once they achieve that status, private colleges offering quality, bona fide training programmes of genuine educational value will be able to continue to recruit legitimate international students. All current sponsors who do not meet the requirements will be allowed to stay on the register for a short period from April 2011. During that time they will be limited in the number of students they may sponsor. They will first have to apply for highly trusted sponsor status and accreditation. They will then be required to achieve highly trusted sponsor status no later than April 2012, and accreditation by the relevant agency by the end of 2012.

As well as cracking down on bogus colleges, we will crack down on bogus students. Students who want to come here should be able to speak English, to support themselves financially without taking paid employment, and to show that they are coming for study, not for work. So we will toughen up the entry requirements. First, we will strengthen the evidence that students need to demonstrate that they have the financial means to fend for themselves. Secondly, we will streamline the requirements for students from low-risk countries and prioritise resources on high-risk students. Thirdly, we will toughen up the rules on English language competence. Those coming to study at degree level will have to speak English at upper intermediate level; others will have to speak English at intermediate level. UKBA officers will be given the discretion to refuse entry to students who cannot speak English without an interpreter and who do not meet the required minimum standards. Let me

be clear: you need to speak English to learn at our education establishments; if you can't, we won't give you a visa.

If someone is coming to the UK as a student, study should be their main purpose, not work. So we will end permission to work during term time for all students other than those at university and publicly funded FE colleges. Students at public sector FE colleges will be allowed to work for 10 hours per week in term time, and students at university for 20 hours per week. We will reduce the amount of work that can be done on work placement courses for non-university students from 50:50, as now, to two thirds study, one third work. At present, students on courses of six months or more can bring their dependants with them. In 2010, over 31,000 student dependants came here. We will remove this right for all but postgraduate students at universities and Government-sponsored students.

Coming to the UK to study for a course should, by definition, be a temporary step, so we will limit the amount of time that students can spend in the UK. Too many students who originally came here for short courses have been staying for years and years by changing courses, often without showing any tangible academic progress. We will limit the overall time that can be spent on a student visa to three years at lower levels, as now, and to five years at higher levels. There will be exceptions for longer courses such as medicine and veterinary science, and for PhD study, but no longer will students be able to stay here and switch from course to course to course.

We want the best international graduates to stay and contribute to the UK economy. However, the arrangements that we have been left with for students who graduate in the UK are far too generous. They are able to stay for two years, whether or not they find a job and regardless of the skill level of that job. In 2010, when one in 10 UK graduates were unemployed, 39,000 non-EU students with 8,000 dependants took advantage of that generosity.

We will therefore close the current post-study work route from April next year. In future, only graduates who have an offer of a skilled graduate-level job from an employer licensed by the UK Border Agency will be allowed to stay. Post-study migrants must be paid at least £20,000 or the appropriate rate for the occupation, as set out in the relevant code of practice, whichever is higher. That will prevent employers from recruiting migrants into skilled occupations but paying them less than the going rate. We estimate that had this measure been applied last year, it would have halved the numbers staying in the UK through this route. We will not impose a limit on that group next year, but we will keep the position under review. If the number of foreign students entering the labour market as post-study workers increases significantly and unexpectedly, we will ask the Migration Advisory Committee to look at how abuses can best be addressed. That would potentially include the introduction of a separate temporary limit on post-study workers.

As we restrict the post-study work route, we will ensure that innovative student entrepreneurs who are creating wealth can stay in the UK to pursue their ideas. The message to the brightest and the best students around the globe is clear: Britain's world-class universities remain open for business.

We recognise the need to implement these changes in a staged manner that minimises disruption to education providers and students. We will therefore implement the measures in three stages, starting with new rules, which will be laid by the end of this month. I will publish the full details shortly.

The package of measures that I have outlined today is expected to reduce the number of student visas by between 70,000 and 80,000—a reduction of more than 25%—and it will increase the outflow of foreign students after they have concluded their studies. There will be a proper system of accreditation to root out bogus colleges; tough new rules on English language skills, financial guarantees, working rights and dependants, to root out bogus students; and new restrictions on post-study work to make sure that all but the very best return home after study. This package will stop bogus students studying meaningless courses at fake colleges, protect our world-class institutions, stop the abuse that became all too common under Labour, and restore some sanity to our student visa system. I commend this statement to the House.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I thank the Home Secretary for the half-hour's advance sight of her statement, as has become the form for the Home Office. Helpfully, however, we were, of course, able to read about the main changes in the newspapers this morning. As has become the form for this Government, we were also able to read opposing stories in opposing newspapers. The Business Secretary briefed the *Financial Times* that the policy had been completely changed so that he could support universities in expanding the number of their foreign students; the Home Secretary promised *The Sun* that the policy meant slashing foreign student numbers. Different policies for different papers, policies changing all over the place, and an unseemly row at the heart of the Government—such is the chaos at the centre of the Government's immigration policy for students.

The Home Secretary is right to say that migration makes an important contribution to our economy, the strength of our business and our vibrant society. She is also right to say that migration needs to be properly controlled to sustain social cohesion and an effective labour market. She will recognise the importance of the higher and further education sector to the British economy. Non-EU students contribute an estimated £5 billion to the UK economy, support thousands of jobs in teaching and related areas, and make education an extremely important export industry. It is important that we recognise that economic value in providing workable migration policies. She will know that the Home Affairs Committee stated in its important report that it

> "would caution against measures which could be detrimental to a thriving, successful industry."

Does she recognise, too, that CentreForum has said that moves to tighten the restrictions on overseas students will risk nearly 12,000 jobs in education and another 12,000 in the wider economy?

Some of the damage has already been done. Anecdotally, some universities are already noticing a significant drop in applications from foreign students as a result of the signals being sent out by the Home Secretary's consultation. Does she believe that the 80,000 drop in student visas to which she has referred will consist entirely of visas for

[Yvette Cooper]

bogus students on bogus courses, or does she believe that some legitimate students, too, will be put off as a result of the measures that she has announced?

We agree that we should not tolerate bogus colleges and fake students. People who want to come to this country need to play by the rules. That is why the Labour Government introduced a system of highly trusted sponsors through our respected universities, and we support measures that will build on that, so long as they are introduced in a workable way. It is also why we closed 140 bogus colleges.

Can the Home Secretary tell the House how the UKBA is going to increase its checks on colleges and students when it is facing staff cuts of 9,000?

What is the Home Secretary's position now on pre-degree courses? In the consultation she said that she would introduce substantial restrictions on pre-degree level courses being covered by tier 4 visas, but there was silence from her on that issue in her statement today. Can she confirm that she has now ditched that proposal to remove pre-degree level courses?

We also agree that there should be appropriate restrictions on students' employment. It is welcome that the Home Secretary has taken into account some of the evidence about the international competitiveness of UK higher education, but she put that into the context of trying to help youth unemployment. Is not the truth that her figures will mean restricting post-study work permits for non-EU students by about 19,000 at a time when youth unemployment is nearer 1 million? If she were serious about tackling youth unemployment she might be talking to the Chancellor about reversing some of his cuts, and reinstating the future jobs fund. Is not the truth that this policy is not about youth unemployment or bogus courses, but about hitting higher education because she cannot meet her promise to cut net migration to tens of thousands over the course of this Parliament?

What is now the Government's policy towards foreign students studying bona fide courses at legitimate institutions? Does the Home Secretary want their number to increase or fall? The Business Secretary has said of the higher education sector:

> "It's an export industry; we want to grow it."

But the Home Secretary has said that she wants the numbers cut. The Business Secretary wants more foreign students, and she wants fewer. If Britain's major universities and colleges, faced with nearly £3 billion of cuts, decide to expand their courses and double the number of legitimate foreign students paying full fees in order to subsidise British students, will she support them or not? If they increase their legitimate students by 80,000, will she support them or not?

Finally, will the Home Secretary tell the House what the position is on student visitor visas, which she did not mention? Will she confirm that although she is restricting tier 4 student visas, in December she increased the number of students and courses eligible for student visitor visas? Will she confirm that under that visa, people can still apply for non-degree courses that are not run by highly trusted sponsors and do not have any minimum language requirement? Will she confirm that she has done nothing to prevent an increase of perhaps 80,000 in student visitor visas, and will she admit that the people on those visas will not be included in the net migration figures? Does that not expose the real con at the heart of her policy? Although she is making restrictions in one area, she is increasing the student visitor visas in another area that does not count towards her net migration targets.

The Home Secretary promised that she would put an end to non-EU students working once they had finished their course: the plan is ditched. She promised that she would put an end to non-EU applicants taking courses that were not degrees: that plan is ditched. She promised a new border police force, and that is still on the Conservative party website, but instead the Government have cut 5,000 staff from the UK Border Agency.

Time and time again policies are switched backwards and forwards, and in the end, it is all because the Home Secretary knows she cannot meet the promise that she made to cut migration numbers to the tens of thousands by the end of this Parliament. Is that still her target, will she still deliver it by the end of this Parliament, and is it not time she made policies that are in the interests of British universities, the British economy and a sensible, controlled migration policy, rather than taking risks with an important export industry for the sake of promises she knows she cannot keep?

Mrs May: I have to say that I am incredibly disappointed by the right hon. Lady's response—but to be fair to her, there was one bright spark in it: she actually gave a statement on Labour's immigration policy, which she has failed to do for two months. She said that the Labour party agreed that migration should be properly controlled. Sadly, however, in every other statement that the Opposition have made, be it in response to this announcement or the announcement on curbing the number of non-EU economic migrants, they have refused to support the measures that will bring about that proper control. We see that policy approach from the Labour party in relation to other things as well, such as public spending. The Opposition say they want to do something, but do not support anything that would enable it to be done.

The right hon. Lady made an amazing series of statements and asked an amazing series of questions. It would have helped her if she had actually listened to my statement and looked at it properly before she responded. She asked me whether it is still our aim to reduce net migration from the hundreds of thousands to the tens of thousands, but as *Hansard* will confirm, the answer to that was on page 3 of the text of my statement. The very sentence I used was, "We aim to reduce net migration from the hundreds of thousands back down to the tens of thousands." I said that in my statement; she did not need to bother with that question.

Let me go through the right hon. Lady's other points. I find it difficult to take some of her statements. She said that the previous Labour Government targeted bogus colleges, but listening to her, one would have thought that immigration was fine under the previous Government—that it was controlled, and there were no problems with abuse of the student visa system. I could take such things from her a little better if the number of student visas had not increased by a third to 300,000 when the Labour Government closed tier 3 of the points-based system. They were not controlling the student visa system or immigration at all. Because of

their lack of control, the most recent figures show net migration of over 200,000 in the last year. Far from Labour controlling that, it was going up under the previous Government.

There are one or two other facts that the right hon. Lady might like to reconsider. She claims that 9,000 staff have been cut in the UKBA, but that is not the correct figure; the correct figure is around 5,000. She said that the Government were not going to do anything about courses below degree level. The whole point of the private FE college sector is that it offers courses below degree level. We intend to remove the bogus courses, colleges and students so that we can do what her Government failed to do: deal with and control immigration.

The right hon. Lady made a lot of statements about the importance of universities to the UK. Yes, universities are an important part of the UK economy. That is precisely why the measures that I have introduced take great pains to ensure that we protect universities. We are protecting universities, our independent school sector and public sector FE colleges, and we are ensuring that those who want to come here as legitimate students on legitimate courses of study at legitimate institutions can do so. We are doing what she failed to do: we are cracking down on the abuse.

Several hon. Members *rose—*

Mr Speaker: Order. A great many hon. and right hon. Members are seeking to catch my eye. I should like to accommodate everyone who has an interest, but brevity is vital if I am to have any realistic chance of doing so.

Mr Graham Brady (Altrincham and Sale West) (Con): Thank you, Mr Speaker. I have an unremunerated interest as a governor of Manchester Metropolitan university.

Will my right hon. Friend clarify two points? First, what is her view of students progressing from courses on English for academic purposes to degree courses? Secondly, what about those progressing from proper undergraduate degree qualifications to postgraduate courses within the same or other British universities?

Mrs May: I thank my hon. Friend for his question, because it enables me to clarify a point about students who currently do so-called pathway courses for English language. One of the points made clear to us by the university sector was that it often has arrangements with colleges to allow students without the required level of English to come and learn it at a pathway college and then progress to university. They will be able to continue to do so, but the students entering the college must be sponsored by the university. The university's highly trusted sponsor status will cover those students, and undergraduates who wish to progress to postgraduate studies will be able to do so. Our requirement for progression is that it is clear that academic progression is taking place, and obviously moving on to postgraduate study is exactly that.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): As a lifelong expert in hyperbole, I advise the Home Secretary to ease off on it in the message to undergraduate and postgraduate students across the world. Some £25 million will be lost to the university of Sheffield and Sheffield Hallam university from legitimate overseas students in the coming year. Will she promise the House that in taking the necessary tough measures in one area she will change the hyperbole and send the message to legitimate students across the world that they are welcome in the United Kingdom?

Mrs May: As I said in my statement, the message to the brightest and best students around the globe is clear: Britain's world-class universities remain open for business. However, as I have said to the university sector, we need to work together to ensure that that positive message is the one given, not the negative one given by the shadow Home Secretary.

Nicola Blackwood (Oxford West and Abingdon) (Con): I welcome the Home Secretary's statement, particularly on the retention of a reformed post-study work route, on which I was especially keen. Given her estimate that the reforms will lead to about 80,000 fewer student migrants, does she believe that our world-class universities, such as the two excellent universities in my constituency, will still be able to recruit the brightest and the best, which is what our economy so urgently needs?

Mrs May: I thank my hon. Friend for her question, and for the considerable interest that she takes in the university sector. I can assure her that the proposals we have introduced today will ensure that universities are protected and will continue to be able to attract the brightest and best students from across the world.

Mr Frank Field (Birkenhead) (Lab): I welcome the Home Secretary's statement, particularly on behalf of my unemployed constituents who are desperate to find work. Given that the numbers coming in and leaving the country are crucial to the whole debate, when will she be able to come to the House and announce a system for border controls that counts people in and counts them out again?

Mrs May: I thank the right hon. Gentleman for his question. This is an issue in which he has taken a long-standing interest. I will give two answers to his question. The e-Borders system, which is being put in place, is partly working at the moment; complete application will come in 2015. In the next couple of months we will also make proposals on settlement, in which I know he has taken a particular interest.

Tom Brake (Carshalton and Wallington) (LD): Does the Home Secretary agree that higher education in the UK is world class, and that our top institutions should remain open for business to genuine students, but that bogus colleges, which provide nothing more than an excuse for entry into the UK, should be forced to close their doors promptly?

Mrs May: My hon. Friend is absolutely right. The package that we have introduced today will protect our universities, which provide a world-class education. Students should want to come here for that quality of education, and we need to crack down on bogus colleges. It gives the UK a bad name when people see that they can come here supposedly as students but not get a proper education.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): It is estimated that the loss of income to higher education resulting from the Government's current policies on the issuance—or non-issuance—of tier 4 permits for pre-university pathway courses is costing higher education an enormous amount of money. I waited in vain during the Home Secretary's statement for clarification on the position pending the announcements. Will she make it clear whether tier 4 applicants can now come here to do pre-university pathway courses?

Mrs May: The hon. Gentleman is correct: I did not mention that in my statement; I referred to it in response to my hon. Friend the Member for Altrincham and Sale West (Mr Brady). Pathway courses for students without the correct level of English to enable them to study at university will continue, but the student will need to be sponsored by the university concerned—the highly trusted sponsor.

Mr Mark Field (Cities of London and Westminster) (Con): In recent years I have been on the advisory board of the London School of Commerce.

I want to ask the Home Secretary about post-study work, as did my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood). I have slight reservations. Given the excellence of our offering and the idea that we will get some phenomenally innovative students from across the globe who will go back as ambassadors for this country, has any research been done in the Home Office showing that we might lose some of those students to places such as the United States or Australia, or are we confident that the changes will have no such adverse impact?

Mrs May: I am happy to tell my hon. Friend that there is no evidence that that will be the upshot. Our system is similar to those in operation elsewhere. It is wrong to say that the United States has a formal post-study work route; it does not. There are some abilities for people to stay and do some work in the United States, but they are different. Indeed, in some ways our requirements will continue to be less tough than those in countries such as Australia.

Keith Vaz (Leicester East) (Lab): I thank the Home Secretary for keeping to her promise to publish her proposals after the Select Committee on Home Affairs had published its report last week. I hope that she found the report helpful. There is much to welcome in her statement—we recommended action on bogus colleges, reform of the post-study route and better accreditation—but will she look at the two most important recommendations, on whether students are migrants if they come here genuinely to study and then to leave, and on the issue of data? Unless we have proper data, we can make only flawed policy.

Mrs May: Obviously one is always looking to improve the quality of the evidence on which policy can be based. As for whether students are migrants, we use the internationally accepted United Nations definition of "migrant", which is somebody coming to stay for over 12 months.

Mr James Clappison (Hertsmere) (Con): I warmly welcome the package that the Home Secretary has announced today and her determination to tackle the problem of bogus colleges and bogus students, which the Home Affairs Committee has been warning about for a long time, but on which no action had been taken. She has announced that she will return a measure of independence to entry clearance officers, which is welcome. Will she consider returning to them—as recommended by the Home Affairs Committee and Migrationwatch—the wider discretion that was removed under the points-based system, which would be in the interests of both facilitating genuine students and keeping out bogus students?

Mrs May: Having spoken to UK Border Agency officers at points of entry, I am conscious of the frustration that they have felt at not having the discretion to deal with people whom they have plainly seen were not coming here as bona fide students, so I am pleased to restore a degree of discretion to them. My hon. Friend tempts me to go further than that, but that is not a path down which I intend to go at the moment. There were some issues raised about the greater degree of discretion available previously, but we are constantly looking at our immigration system and the way in which UKBA officers operate.

Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome the continuation of the notion of trusted status among the universities. When the Home Secretary finesses the rules, will she ensure sufficient scope for universities to take into account the realities of the circumstances that face them? In some areas of science and engineering, students come here with weak English but amazing skills and the ability to learn very quickly. Equally, some post-doctoral or postgraduate students come here with spouses who do not speak English. Will she ensure that universities have the capacity to deal with all those complex cases?

Mrs May: We have already introduced some English language requirements for people coming here to marry somebody in the UK, but the English language requirement relates to the postgraduate student who will be at university, not to a spouse entering as the dependant. It has been put to me that there are potentially a small number of cases of people who are extremely bright, but who do not have the correct level of English. My answer to that is twofold. First, it will be open to those people to go through a pathway course to the university. However, secondly, we will retain a small margin of flexibility where academic registrars have an individual student who is particularly brilliant but whose English they do not think will improve to the necessary level within the time scale required.

Nicholas Soames (Mid Sussex) (Con): May I congratulate the Home Secretary and her Minister of State on this important and long overdue measure to put right years of neglect in the system? After the system has had time to settle down, will she consult the Migration Advisory Committee and ask for any recommendations it might have on how to tighten up on bogus students?

Mrs May: I thank my hon. Friend for his welcome for the statement. We are asking the Migration Advisory Committee generally to look annually at the immigration arrangements that we are putting in place, but it will be consulted, as I made clear in my statement, if we find that the number of students staying on for post-study

work rises unexpectedly and significantly. We would ask the MAC to look into such a situation and to determine whether any abuse was taking place, and that could include the possibility of a limit.

Pete Wishart (Perth and North Perthshire) (SNP): Will the Home Secretary tell us what the tone has been of the representations that she has received on this issue from the Scottish universities and the Scottish Government? What have they said about the funding issues and about the competitive situation? The Home Secretary knows that we do not have a fixation with immigration in Scotland; in fact, we are experiencing a structural fall in population numbers. We also have no evidence of bogus colleges. Will she consider an exemption for Scotland, so that any unforeseen consequences of her announcement today do not impact on our universities north of the border?

Mrs May: During the consultation, we had discussions with the Scottish Government and the Secretary of State for Scotland. He and I spoke about the concerns that Scottish universities had raised with him, one of which related to students who had an entrepreneurial idea and wished to stay on to launch a business. That is why we are ensuring that, within the post-study work rules, there will be a possibility to protect student entrepreneurs.

Lorraine Fullbrook (South Ribble) (Con): The shadow Home Secretary claimed last month that, under the points system, "a lot of progress" was being made. Will my right hon. Friend assess the progress that Labour made in controlling migration?

Mrs May: I thank my hon. Friend for her question. The answer is a very short one, because Labour did not make any progress in controlling migration, as we saw from the fact that it closed tier 3 of the points-based system, as though that would have some magic result for immigration, and all that happened was that the number of student visas went up instead.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Given that a substantial segment of the economy of the city of Manchester depends on the success of its world-class universities, one of which occupies the biggest campus in western Europe, and that those universities have already begun to cut courses as a result of other Government policies, can the right hon. Lady assure Manchester that her policies will not irrevocably damage the city's economy, which is already suffering dreadfully under this Government?

Mrs May: Yes, I can confirm that. The message that the right hon. Gentleman can take back to his constituents is that the universities in Manchester are open for business to first-class international students, as they always have been.

Simon Hughes (Bermondsey and Old Southwark) (LD): I thank the Home Secretary and her Cabinet colleagues for listening to the representations of the university communities. As the questions of exit visas and bogus colleges and the success of our students and universities are a continuing matter of concern for the growth of the British economy, will my right hon. Friend and the Business Secretary undertake to report back annually to Parliament on this matter, to ensure that the successful import of academics into this country can continue?

Mrs May: I can assure my right hon. Friend that we will be giving regular reports to Parliament on what we are doing on the immigration system. People will also be able to see what is happening with other aspects of the system, as I have said; I shall be coming back to Parliament to discuss those as well. I am absolutely clear that what the coalition Government have announced today will ensure that our universities can continue to attract students from across the world and to provide world-class education.

Joan Ruddock (Lewisham, Deptford) (Lab): Some of the brightest and best international students attend Trinity Laban, the dance and music conservatoire in my constituency. Will students who wish to progress from undergraduate to postgraduate studies have to return home to obtain visas, and will students be able to work in this country if they are offered a job paying less than £20,000 a year, which is possible? Many have international careers ahead of them.

Mrs May: Let me deal with the right hon. Lady's second question first. A code of conduct will be agreed between the UKBA and the Department for Business, Innovation and Skills—obviously the Home Office will look at it as well—and will set out the requirements for the post-study work route. I outlined those requirements briefly in my statement, but it will be necessary to consider particular sorts of occupation and the appropriate rates applying to them. As for the right hon. Lady's first point, no, those students will not be required to return home.

Mr David Evennett (Bexleyheath and Crayford) (Con): I warmly welcome my right hon. Friend's statement, and congratulate her on her approach. Can she assure me that she will be tough and allow only legitimate institutions on to the highly trusted sponsor list? That would of course benefit us in the United Kingdom, but we must also be fair to students who come to the UK to study.

Mrs May: My hon. Friend has made an extremely important point. It will not benefit the UK if people throughout the world who have received the message that they can come here and be given an education end up in a bogus college. We will certainly be tough on highly trusted sponsor status. We will ensure that there is proper accreditation in terms of the educational qualifications and educational standard that colleges must offer, while the UKBA will look into whether they are observing immigration rules.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): What level of English language qualification will be required for students attending English language schools? I understand from the proposals that even students taking short courses will require an intermediate-level qualification. If that is the case, will it not prove damaging to many genuine colleges that make an important contribution to the economy in our constituencies?

Mrs May: The requirements will be B2 for university-level study and B1 for below degree-level study, so there will be a B1 requirement for the pathway courses. As the hon. Gentleman will know—this enables me to answer a question asked earlier by the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper)—we are piloting a system enabling student visitor visas to remain valid for 11 months. The right hon. Lady appeared to suggest that they were included in the migration figures, but they are not.

Yvette Cooper: That is the point.

Mrs May: They are not included in the migration figures, and they are therefore not covered by my statement. However, as the hon. Gentleman will probably know from discussions in which he has engaged in the past with, among others, the Minister for Immigration the requirements of the English language colleges were of particular concern to us, and we have dealt with that by piloting the extension of the visitor visas.

Dr Julian Huppert (Cambridge) (LD): I declare an interest as a member of the university of Cambridge, one of the three excellent universities in my constituency.

I welcome the changes that the Home Secretary has announced, because the original proposals in the consultation would have caused a great deal of harm to much of our education industry. I was interested to hear what she said about student entrepreneurs. How will that system operate? Will it form part of the post-study work system, and will it apply only to new applicants? Will we be telling students who came here expecting a particular set of post-study work rules that they will be changed while they are in the middle of their studies?

Mrs May: We will make absolutely clear when the new post-study work route proposals will be implemented. Students will have reached various stages in their courses, but there will be a specific point at which the post-study work route requirement is introduced. Those who are already studying in the UK and may have expected to stay will still be able to stay, provided that they obtain graduate-level jobs. It is the qualification level for the jobs that will change.

As for the arrangements for student entrepreneurs, we are considering how best to position them in the immigration system. I hinted earlier that they might form part of the post-study work route, but we might consider other routes. The intention is to enable a student who is graduating from university and who has a first-class idea to set up a business and put that idea into practice, and I think it right for us to do so.

Roberta Blackman-Woods (City of Durham) (Lab): I understand the right hon. Lady's concern to reduce abuse in the visa system, but what is she doing to ensure that the measures announced today do not simply send a message to bona fide students applying to legitimate institutions that they are not welcome, especially as that would create huge problems for our excellent universities and colleges?

Mrs May: What I am doing at every possible opportunity is saying that our universities are still open for business to overseas students. I have said at every stage, both throughout the statement and in response to a number of questions, that the whole point of what we are proposing is to protect the universities while dealing with the bogus colleges. I think that is the right approach, and I hope it meets with agreement across the entire House.

Mr Brian Binley (Northampton South) (Con): I welcome the general thrust of the statement, and my constituents will be delighted to hear about it. I particularly welcome the statement that Britain's universities are open for business to the brightest and best, but I must tell the Home Secretary that that perception does not hold good in China. In fact, the Chinese think we are closed for business. What specific measures will the Home Secretary take to improve that situation?

Mrs May: I thank my hon. Friend for his opening comment, but I do not think that there is any reduction in the number of applications from Chinese students wanting to come to the UK. However, as I have said in answer to a number of other questions, we are absolutely clear about the purpose of what we are announcing today, and I have talked with the university sector about the responsibility that it also has for ensuring that the message is given that UK universities are open for business.

Pamela Nash (Airdrie and Shotts) (Lab): Which criteria will the Home Office use to differentiate low-risk and high-risk origin countries, and will they change as a result of today's announcements?

Mrs May: We already have a list of low-risk countries—I think about 15 countries are on it. The quality of documentation that can be provided to back up students' applications is an example of the sort of criteria we will consider for determining that.

Mr Rob Wilson (Reading East) (Con): I also welcome the Home Secretary's statement, as will my constituents. She will be aware of the recent Home Affairs Committee report, which noted from the evidence taken that the student visa system was likely to remain leaky until an effective method of counting students in and out of the country was established. She has already said something about that to the right hon. Member for Birkenhead (Mr Field), but can she say a little more?

Mrs May: There are various aspects of that particular issue, of course. In addition to the response I gave to the right hon. Gentleman on the e-Borders system, I might add that the UK Border Agency will, as part of its assessment of whether institutions can become highly trusted sponsors, examine whether they ensure that their students go home after their period of study. That is another way in which we will try to ensure that the issue is addressed.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I serve on the external board of Birmingham university's business school and I must tell the Home Secretary that both Birmingham university and Aston university are experiencing a reduction in the number of applications, so her message is not being heard. May I challenge her a little further on post-study work? Is she working with

business schools on that, because they have very specific requirements, and if we lose sight of them, we will harm ourselves greatly?

Mrs May: We have been discussing with business and the university sector what might be the appropriate criteria for the post-study work route, and the message both those sectors have given me loud and clear is that if international students graduating from UK universities are to go into a job, that should be a graduate-level job.

Mark Reckless (Rochester and Strood) (Con): Three months ago, the Home Secretary proposed closing the post-study work route, expressing concerns that it was adding to graduate unemployment. Will she explain to unemployed graduates in my constituency why she now says that foreign students can stay on, so long as they take a graduate job earning at least £20,000 a year?

Mrs May: We have looked at the balance of interests among universities, the UK economy, businesses and, of course, those currently resident in the UK who are graduating from UK universities and looking for jobs. That is why we have not said that graduates can stay on under the terms of the current post-study work route, which allows them to stay on and go into unskilled jobs or stay on and not be in employment. We think it is right that the brightest and best should have an opportunity to stay here for a limited period of time, but they must be in a skilled graduate-level job. We have been absolutely clear, however, that if the numbers unexpectedly or significantly increase, we will ask the Migration Advisory Committee to look at how we can ensure that abuses do not continue—if that is happening—and that could include limiting the numbers.

Tony Lloyd (Manchester Central) (Lab): The Home Secretary will get support—not least from me—for her previous answer, because it is important to get that balance right. Will she clarify something for me? One of the things involved in the post-study work route that she has described is a system of UK Border Agency licensing. If that is to exist, will those who operate it be properly trained and will they operate with proper flexibility? That has not always been the case in the past. Does she recognise the point made by my right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) that for some graduate professions, such as the performing arts and dance, the £20,000 limit could be impossible to attain in post-study work?

Mrs May: I am happy to say to the hon. Gentleman that we are not creating a new process at the UKBA; it already has such a process for tier 2 of the points-based system. The UKBA is used to operating the system and to discussing with business and others the appropriate codes of conduct and measures within those codes, in order to ensure that people stay on in the right level of job. The UKBA is well used to employing a degree of flexibility in dealing with occupations that do not fit into a more stereotypical approach in terms of levels of salary.

Pauline Latham (Mid Derbyshire) (Con): May I welcome the Home Secretary's decision to ensure that all sponsors will now need to be accredited by the relevant body and become highly trusted sponsors? Can she confirm that that will also apply to universities and in particular to the university of Derby in my constituency?

Mrs May: Yes, I am happy to say to my hon. Friend that universities are highly trusted sponsors and will need to continue to be so. As they are audited by the Quality Assurance Agency for Higher Education, they fall into that definition, as I set out in my statement. I would expect our universities to continue to be highly trusted sponsors.

Paul Blomfield (Sheffield Central) (Lab): I welcome the Home Secretary's recognition of the importance of the post-study work route as a significant part of this country's attractiveness to international students compared with our competitor countries, but I fear that her proposed changes will not go far enough in convincing potential students that this country really is open for business. Would it not be better to take the advice of the vice-chancellors of both the Sheffield universities in my constituency, which is that we should simply exempt highly trusted sponsor institutions from any changes to the post-study work arrangements?

Mrs May: As I said in response to an earlier question, both the universities sector and the business sector have indicated in my discussions with them that they think it is right that the post-study work route should allow to stay on only those individuals who are going into graduate-level jobs. The hon. Gentleman says that the post-study work route is an important attraction for international students in deciding to study in the UK. Frankly, what should attract international students to the UK is the quality of education provided by our universities.

Mr Robin Walker (Worcester) (Con): The Home Secretary is absolutely right to crack down on bogus colleges, which are at the heart of this problem, and I welcome her assurance that legitimate colleges can continue to attract legitimate students. One such highly trusted institution in my constituency is the university of Worcester. How will she ensure that highly trusted universities of that sort can continue to attract the best and can benefit from these changes overall?

Mrs May: First, as I have just said, I expect the universities to continue to retain their highly trusted sponsor status and therefore to be open to attract individuals to come from overseas to study at them. Many universities have done a very good job of advertising themselves and promoting the quality of education that they can offer. It is for the universities and for us to be absolutely clear in saying to people that our universities remain open for business and provide a first-class education.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Liverpool's three universities attract approximately £66.6 million in gross income from international students. That income is a significant driver for Liverpool's economy and is absolutely vital at a time when university funding is being so drastically cut. Will the Home Secretary please expand on what the tougher entry requirements for demonstrating international students' financial means will be and can she guarantee that the proposals will not prevent genuine students from coming to study in Liverpool?

Mrs May: The proposals will not prevent genuine students from coming to study, but we do need to look at things such as documents provided by banks to ensure that they are genuine institutions that are genuinely backing up the financial claims being made by individuals who come here to study. It is in nobody's interests to allow people to use documents that are not legitimate when they apply for a student visa to come to the UK. As regards the three universities in Liverpool, as I have made absolutely clear, they will continue to be able to attract international students.

Mr Stewart Jackson (Peterborough) (Con): I congratulate the Home Secretary on facing down some of the hysterical hyperbole from the Opposition, parts of the media and parts of the further and higher education sector. On English proficiency and integration, will she please work with our colleagues across government to address the very specific issue of the hundreds of millions of pounds spent by British taxpayers on translation and interpretation services—a non-statutory duty—and to reduce such expenditure in these financially straitened times?

Mrs May: My hon. Friend is taking me down a road that goes beyond the Home Office's area of responsibility, large though that is. I fully accept the thrust of his comment about the importance of people being able to speak English, which is precisely why we introduced a requirement last year that those who come here to marry or join a partner should be able to speak English to a particular standard.

Ian Paisley (North Antrim) (DUP): I welcome much of the sentiment in the Minister's statement. Will she facilitate a meeting with representatives of Queen's university Belfast and the Royal Victoria hospital? They provide many opportunities for students to come and learn about medicine and then to go into those teaching institutions and provide services to many of our patients in Northern Ireland.

Mrs May: I note the hon. Gentleman's comment and request; my hon. Friend the Minister for Immigration will be happy to meet him.

Stephen Mosley (City of Chester) (Con): One popular scam involves students deliberately failing their examinations repeatedly in order to retake them and hence prolong their stay in the UK. What action is my right hon. Friend proposing to tackle such scams?

Mrs May: I referred in my statement to students who stay on and move from course to course but I had not got as far as those who deliberately, as my hon. Friend suggests, fail their exams. There will be a time limit on how long someone can stay in the UK—three years for a below degree-level course. The limit will be extended for postgraduate studies and to accommodate those who are doing medicine and longer courses, but there will be a limit on the number of times that someone can try that ruse.

Mr David Nuttall (Bury North) (Con): One in five of the students granted a student visa in 2004 was still here in 2009. Will my right hon. Friend please confirm whether the measures in her statement will end that type of abuse of the system?

Mrs May: My hon. Friend makes an extremely valid point. I am happy to tell him that the time limit on how long a student can stay in the UK will address precisely the point he raises.

Roger Williams (Brecon and Radnorshire) (LD): Universities across Wales will welcome today's statement, particularly as the right hon. Lady has been able to address so many of their concerns. Will she commit to maintaining the dialogue with the vice-chancellors that has proved so productive over the past couple of months so that we can ensure that the proposals deliver in the way that they are intended?

Mrs May: I am happy to confirm to my hon. Friend that we will be happy to continue speaking with the vice-chancellors.

Mr Marcus Jones (Nuneaton) (Con): I strongly welcome the Secretary of State's statement, particularly as I have learned that in one private college there was no classroom tuition whatever and there were so-called work placements up to 280 miles from the college. Does she agree that it is important that student visa holders should be studying and not working?

Mrs May: I could not agree more. If someone comes to the UK to study and do a course of education, that is precisely what they should be doing. They should not use the student visa route as a back-door entry into migration for work.

Stephen Hammond (Wimbledon) (Con): I congratulate my right hon. Friend on her statement, which will be warmly welcomed by the legitimate private language college sector throughout the country. There are a number of such legitimate colleges in Wimbledon, so will she outline the changes that she expects that they will need to make to comply with her statement?

Mrs May: A process will be set out for those legitimate colleges by the UK Border Agency. It will be necessary that they apply for highly trusted sponsor status and for accreditation, and we will set out the time limit for that application process soon. They will need to receive highly trusted sponsor status by April 2012 and educational accreditation by the end of 2012.

Mr Aidan Burley (Cannock Chase) (Con): Last and hopefully not least, I am sure that I am not the only Member of the House who is astonished by how widespread the abuse of the student visa system has become. May I ask the Home Secretary whether our policy to reduce net migration from hundreds of thousands to tens of thousands is supported by the shadow Home Secretary?

Mrs May: That is a very good question, and perhaps the shadow Home Secretary would like to answer it at some stage.

Points of Order

4.31 pm

Mr John Spellar (Warley) (Lab): On a point of order, Mr Speaker. Have you received any communication from Vodafone to explain its poor network coverage in the Westminster area since last Friday? Fortunately, I am on another network, but other Members are experiencing irregular reception and failing to get Rapide messages, which is quite unacceptable. Are you able to do anything about the situation, which is highly disruptive to the work of the House and its Members?

Mr Speaker: I fear that that is not a point of order and that the right hon. Gentleman perhaps entertains unrealistic expectations of my powers, although I take his point in the constructive spirit in which he volunteered his remarks. I have received no communication from Vodafone on this important matter. However, I think that I am right in saying that it would be of interest to the Department for Business, Innovation and Skills, representatives of which, I hope, will get to hear of what he said.

Dr Thérèse Coffey (Suffolk Coastal) (Con): On a point of order, Mr Speaker. During Treasury questions, the shadow Chancellor of the Exchequer, the right hon. Member for Morley and Outwood (Ed Balls), brandished what he claimed to be a leaked copy of a Government document due to be published tomorrow. Is it in order for Government documents that have been obtained illicitly to be brought into the Chamber or, indeed, to be referred to?

Mr Speaker: I am grateful to the hon. Lady both for her point of order and her courtesy in giving me advance notice of it. Not only was that courteous, but it gave me the chance to look into the matter, as she would wish. "Erskine May" is helpful on the subject, and I quote from page 443 for the benefit of the hon. Lady and the House:

> "There is no rule to prevent Members not connected with the government from citing documents in their possession, both public and private, which are not before the House, even though the House will not be able to form a correct judgment from partial extracts."

Whether or not, in the words of the late Lord Birkenhead, we are any the wiser, I hope that we are at least, as a result, somewhat better informed.

Miss Anne McIntosh (Thirsk and Malton) (Con): On a point of order, Mr Speaker. You are the custodian and guardian of the courtesies and conventions of the House, so I would be most grateful for your guidance on a matter of which I have given you advance notice. Is it not customary for an hon. Member to inform another Member in advance of a visit to their constituency? Was it sufficient, for example, for the shadow Secretary of State for Environment, Food and Rural Affairs simply to announce at DEFRA questions that she intended to visit, for political reasons, a forest in my area? Would it not have been normal for her to write in advance to inform me of the matter? I am sure that this was an oversight on her part, but your guidance would be most helpful.

Mr Speaker: I am grateful to the hon. Lady for her point of order. The answer is that if a Member is visiting the constituency of another Member on official or public business, it is courteous for them to notify that other Member of their intention to visit, preferably reasonably in advance. This convention has been breached on both sides of the House, and I hope not to have continually to make the point that it is really a matter of elementary courtesy that we should adhere to this convention.

If there are no further points of order, we come to the ten-minute rule motion, for which the hon. Member for South Northamptonshire (Andrea Leadsom) has been patiently waiting. May I appeal that Members who are leaving the Chamber do so quickly and quietly so that these important matters can be addressed?

Dangerous and Reckless Cycling (Offences)

Motion for leave to bring in a Bill (Standing Order No. 23)

4.34 pm

Andrea Leadsom (South Northamptonshire) (Con): I beg to move,

That leave be given to bring in a Bill creating new offences of causing death or serious injury through dangerous or reckless cycling; to make provision regarding minimum sentencing and fines for those convicted of such offences; and for connected purposes.

I am a keen cyclist and I heartily support the many people who leave their cars at home and cycle to work and school. Over the last few years, there has been an upsurge in cycling, which is a great way to keep fit and healthy and a green initiative that I fully welcome. Let me be clear from the beginning that it is not my intention to criminalise cyclists or to discourage people from using their bikes.

In fact, in the vast majority of cases, it is the cyclists themselves who are the victims on our roads when they are killed or injured by motorists who simply fail to spot them. The penalties for dangerous or careless driving for motorists are as they should be—very strict. Occasionally, however, it is the cyclist who injures or kills while riding their bike, and this is the area I want to address today. At the moment, the punishment for cyclists falls far short of the crime, and I believe we need to update the law so that all road users are equally protected and take equal responsibility for their actions.

I want to tell the House the tragic story of Rhiannon Bennett, the beloved daughter of Michael and Diana Bennett, who was knocked down and killed by a cyclist in your constituency of Buckingham, Mr Speaker. I am grateful that you are presiding over this ten-minute rule Bill. I know that you are aware of this case, Mr Speaker, and that you have been very sympathetic to Rhiannon's family, for which I also know they are grateful.

In April 2007, Rhiannon Bennett was walking with friends on the pavement near her home. She was 17 years old. A cyclist approached the group at speed, jumping from the road to cut across the pavement, yelling "Move, I'm not stopping!". He was travelling so fast that the group had no time to react. He hit Rhiannon, knocking her over and smashing her head against the kerb. She was rushed to hospital with severe head injuries, but she died six days later.

It is not possible fully to explain the grief that Rhiannon's parents, Michael and Diana feel—but the pain did not end there. They had to sit in Aylesbury magistrates court at the trial of the cyclist, a man who lived just around the corner from them, and hear the verdict of the court. He was convicted by the magistrates of dangerous cycling and his punishment was a fine of £2,200. There was no prison sentence. Mr and Mrs Bennett did not just lose their daughter; they had to go through the pain of discovering that their daughter's reckless killing did not merit a prison sentence. We should just imagine what would happen if a motorist drove on to a pavement and killed a teenager. If the driver had walked away with only a fine, there would have been a national outcry.

The police and the Crown Prosecution Service had an alternative to the dangerous cycling charge. The Offences Against the Person Act 1861 carries a section on "drivers of carriages injuring persons by furious driving". It declares:

"Whosoever, having the charge of any carriage or vehicle, shall by wanton or furious driving or racing, or other wilful misconduct, or by wilful neglect, do or cause to be done any bodily harm to any person whatsoever, shall be guilty of a misdemeanour, and being convicted thereof shall be liable, at the discretion of the court, to be imprisoned for any term not exceeding two years, with or without hard labour."

The Act is still in force, but for obvious reasons it is little used. It was developed to deal with the century during which horses pulled carriages and coaches, and is now completely out of date. From what little information I have found on it, this law is rarely, if ever, invoked. In any case, the CPS found that the charge of dangerous cycling was the most appropriate in Rhiannon's case. There are other offences, such as manslaughter and grievous bodily harm, that could theoretically be used against a cyclist, but these are also rarely appropriate in the case of road accidents.

What is needed is an offence that fills the gap in the law and provides a charge that reflects the seriousness and the consequences of a cyclist's actions. In other words, an updated law is required so that cyclists can be charged with similar offences and given similar punishments to those that motorists currently face. For a motorist, causing death by dangerous driving carries a penalty of one to 14 years in prison; causing death by careless or inconsiderate driving carries a penalty of up to five years in prison. We need to give justice to the small number of pedestrians killed each year by dangerous cycling, by applying similar penalties to those that exist for causing death by dangerous driving and causing death by careless or inconsiderate driving.

It is worth making it clear that the cyclist who killed Rhiannon Bennett was most definitely found guilty of a crime. The problem of achieving justice arose because there simply is no charge that is appropriate to the crime. The Crown Prosecution Service even acknowledged this when it stated:

"The real problem is the fact that as yet there is no offence of causing death by dangerous cycling."

The cyclist responsible for the death of Rhiannon Bennett was convicted of dangerous cycling and fined £2,200. His bicycle was worth an estimated £6,000, almost three times the amount of his fine. I have not met anyone who considers this to be fair punishment for someone found guilty of a crime in which a young girl died. There need to be a charge and an offence that reflect the reality of what is happening on our roads and pavements in the 21st century.

The idea of creating a new law to deal with this problem was last considered in 2005 by the Ministry of Justice, which decided that no such law was required at that time. Six years later, with the growing number of bikes on our roads, more and more cycle lanes being introduced and the introduction of excellent schemes that I take advantage of myself, such as the cycle hire scheme in London, we need to look at the matter again, and I ask the House to support the Bill.

Question put and agreed to.

Ordered,

That Andrea Leadsom, Amber Rudd, Dan Byles, Damian Hinds, Mark Lancaster, Harriett Baldwin, Mary Macleod, Chris Heaton-Harris and Margot James present the Bill.

Andrea Leadsom accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 4 November 2011, and to be printed. (Bill 168).

Budget Responsibility and National Audit Bill [*Lords*]

[Relevant documents: The Fourth Report from the Treasury Committee, Office for Budget Responsibility, HC 385, and the Government's response, Cm 7962.]

Consideration of Bill, as amended in the Public Bill Committee

Clause 1

CHARTER FOR BUDGET RESPONSIBILITY

4.43 pm

Chris Leslie (Nottingham East) (Lab/Co-op): I beg to move amendment 1, page 1, line 13, at end insert—

'(d) the Treasury's objectives in relation to economic policy and policy for the advancement of jobs and growth in the UK economy.

(e) the means by which the Treasury's objectives in relation to economic policy will be attained ("the growth mandate").'.

Mr Speaker: With this it will be convenient to discuss the following:

Amendment 3, in clause 4, page 2, line 20, at end insert

'and the impact of Treasury policy on jobs and economic growth'.

Amendment 4, page 2, line 26, at end insert—

'(c) an assessment of the extent to which the growth mandate has been, or is likely to be, achieved and the impact on employment and economic growth within all regions and nations of the United Kingdom.'.

Chris Leslie: It is fitting that we are discussing the Bill the day before the Budget. I understand that there are particular reasons, which the Minister will no doubt explain to the House, why the Bill needs to receive Royal Assent this evening, before we reach Budget day, so I am conscious that the ministerial clock is ticking. I pay tribute to the Public Bill Committee, whose members scrutinised the Bill in what I regard as sufficient detail.

Essentially, the first half of the Bill sets out the establishment of the Office for Budget Responsibility, and the second half makes a series of changes to the National Audit Office governance arrangements. It is fair to say that the Committee spent less time on the second half of the Bill, as the House had previously scrutinised many of those measures, but for various reasons that legislation was not included in the wash-up before the last general election. Most of our attention today will focus on the OBR.

Clause 1 relates not specifically to the OBR, but to the creation of a charter for budget responsibility. As we know, the Government have their reasons and rationale for making this set of legislative proposals. It was notable in Committee that Members were quizzical about why the charter for budget responsibility has been quite narrowly defined and why the OBR's duties are similarly quite controlled and slimline. My view is that any realistic definition of budget responsibility must take account of the impact on jobs and growth of the wider economy and Treasury decisions on fiscal policy, particularly in the current context.

[Chris Leslie]

We know that Her Majesty's Treasury is currently grappling to acquire a growth strategy, some of which might have been left on a number of photocopiers around the building before Treasury questions, although I have not been party to the memo that my right hon. Friend the shadow Chancellor picked up—I will try to get hold of him later to see what was in it. Clearly, the real economy has clashed with the Government's plan A, which they have refused to depart from, which meant that in the fourth quarter of 2010, as GDP figures show, the economy went into reverse and shrank. The Chancellor blames the wrong kind of snow, but evidently the Government's approach to fiscal policy has created circumstances that have not only put the brakes on economic growth, but unfortunately seem to have put it into reverse.

When we debated clauses 1 and 4 in Committee, Members felt that it was important to try to challenge the notion that we should somehow have an Office for Budget Responsibility that confines itself to fiscal, deficit and debt issues, to the exclusion of other equally important indices drawn from the wider economy.

Mr Mark Field (Cities of London and Westminster) (Con): The course of events that the hon. Gentleman describes is surely a tribute to the independence of the advisory body—the OBR—during its first phase following last June's Budget, but does he not share my concern that if it were to have the increased powers, it would cease to be advisory and independent, which it should be, and in some way would become a challenge to Treasury policy? It is correct that it has relatively limited powers, but above all those powers should remain independent and advisory to the Treasury.

Chris Leslie: I understand the hon. Gentleman's point about creating a third institution when it should be Parliament's job to challenge the Executive and the Treasury on their policies. The point we want to make through the amendments is essentially that, simply to have a fiscal mandate in the charter for budget responsibility is inadequate. We feel that it is important to have a growth mandate to supplement the fiscal mandate in the charter and, more than that, that the Office for Budget Responsibility should also have a duty to assess the impact of the Treasury's policies on the real economy, on employment and on growth. I do not think that that necessarily sets the office's face against or in juxtaposition to the Treasury—it would simply give it absolute clarity that it had the right and appropriate remit to consider those wider real economic effects.

Mr Field: But there is already a clear monetary mandate in the hands of the Bank of England. Surely a growth mandate along the lines that the hon. Gentleman suggests would muddy the waters, if not necessarily between the Treasury and the OBR, then between the Bank and the OBR?

Chris Leslie: Perhaps this is where I differ from the hon. Gentleman. I think that a slightly dry and narrow focus on the accountancy issues in the draft charter for budget responsibility, as well as a monetary policy focus at the Bank of England and in the charter, with no or scant focus on the real economy—economic growth, employment and some of those very important issues that affect all our constituents—would be a deficiency in the role of the OBR.

Mr William Cash (Stone) (Con): The shadow Minister and I took part in a debate the other day that goes to the heart of these questions. Does he not agree that although fiscal policy is regarded—with qualifications as the result of the motion the Government put before the House the other day—as exclusively a matter for the House of Commons, unfortunately and disastrously, European economic governance affects the question of growth and the issues that go with it? Does he not agree that his proposals would be overtaken by the proposals that are going through the European Union?

Chris Leslie: I understand where the hon. Gentleman is coming from. I hope that he would acknowledge that we have tried to table a constructive set of amendments because we do not believe that a purely fiscal mandate for the Treasury or the OBR is wide enough. His view is that growth and fiscal policy will also be influenced from beyond these shores and especially by European Union policy. That may well be true.

Mr Cash: I do not wish to correct so much as to advise the hon. Gentleman that my position is exactly the opposite. Fiscal policy remains in this House and should do so, despite what the Government did the other day, and economic growth should also be determined here and not in other arenas. In the Public Bill Committee, he referred to judicial authority as a result of the interpretation of the statutory duties imposed in this place. Does he really want the Supreme Court to apply its determination of its ultimate supremacy over both fiscal policy and economic growth?

Chris Leslie: No, I do not. That was one reason why we raised this issue in Committee. The Bill sets out tests on the responsibilities of the OBR and the Treasury yet there was not really an adequate response from the Minister about the justiciability of those tests. For example, the Minister gave no cut-and-dried answer to the question of a member of the public who might wish to sue the OBR on its efficiency or effectiveness, what sort of legal process that might entail and where it would eventually go. The hon. Gentleman makes an important point.

In a cynical moment in Committee, I raised an eyebrow about the fact that 10 clauses are necessary to establish the OBR. I queried whether we needed 10 clauses to do that. The Bill contains a number of embellishments that, in a more sceptical moment, made me suspect that it was slightly padded out to make it appear to be a grander piece of legislation when a couple of clauses and a schedule would probably have done the trick. Perhaps I was unfairly cynical.

Kelvin Hopkins (Luton North) (Lab): The hon. Member for Cities of London and Westminster (Mr Field) draws a useful parallel with monetary policy and the Bank of England, but in reality the bank's Monetary Policy Committee currently interprets its remit flexibly because

of the state of the economy. If the committee interpreted its remit rigidly, it would raise interest rates, because inflation is above the target level. It is not doing so, however, because it is sensibly looking at the wider interests of the economy.

Chris Leslie: My hon. Friend is entirely correct, and I am glad that the Bank of England is being flexible, but absolutely, if such mandates are set out rigidly in legislation, as the mandate is before us, and if they are interpreted as they currently are, it is hardly any wonder that the Treasury has a blinkered view of the economy and is obsessively—some might say, fetishistically—focused on deficit reduction and debt to the exclusion of almost any other facet of the economy. What we need right now is a flexible approach to economic policy which can take account of environmental and external facts, jobs and growth, and those are the issues we are raising today.

John Mann (Bassetlaw) (Lab): I thank my hon. Friend for giving way on the point about flexibility. Where does he think the 2% inflation target, set for the Bank of England, should be, not least in the context of the Japanese economic crisis, with the pressures on US dollars and the insurance industry, and with the potential for rapidly growing inflation, which might require the 2% figure to be reconsidered imminently?

Chris Leslie: Of course, those issues are in the hands of the Chancellor. He has a Budget tomorrow, and I do not know whether he is thinking of revising his monetary policy mandate, but I would be very surprised if he were. My hon. Friend will notice, however, because I know he follows the small print of the Budget and of financial documents, that in the small print the Treasury has chosen for its GDP deflator, when it comes to public expenditure, an inflation rate of 1.9%, which is slightly at odds with the fact that the retail prices index is 5.5%. Again, the cynic in me would suggest that the Treasury has chosen that approach, because to do otherwise would blow a hole in the middle of the Government's financial plans.

John Mann: I thank my hon. Friend for generously giving way a second time. The reason for exploring the issue is in this "charter"—this grandiose term—set out before Parliament. Chancellors might change their point of view, perhaps sensibly, if they look at the real economy, but how hamstrung will a Chancellor be in the future if some back-dated charter has been agreed but is itself too restrictive and requires change? Is not the measure before us rather a stranglehold—purely presentational—that could come to haunt this or future Chancellors?

Chris Leslie: My hon. Friend suggests that the measure is phantom paraphernalia, enrobing the creation of the Office for Budget Responsibility simply to give it a sense of grand importance, and in fact it could have deleterious consequences. That is certainly one crucial reason why we felt it important to table the amendment, stating that at the very least there should be a broader set of mandates within the charter, and that a growth mandate would be especially important.

Mr Mark Field *rose—*

Chris Leslie: Before I give way to the hon. Gentleman, I just want to point out that in Committee we debated the remit of the Office for Budget Responsibility and whether it should be broader and take account of wider economic and social policies. So, for example, we tested out the notion of whether the OBR could have responsibility for assessing the impact of Treasury policy on child poverty, or whether it should have responsibility for assessing the impartiality of the local government finance settlement.

One promise in the Conservative party's localism paper, which came out before the general election, was to have the Audit Commission undertake an independent test of whether there was impartiality in the settlement. That has been dropped subsequently.

John Mann: It's been dropped?

Chris Leslie: It has been dropped, and that is indeed something that we should come back to at another point.

This time, on Report, we thought, "Let's look as strategically as anybody could possibly want to," and having a growth mandate—a responsibility for growth and employment—and assessing the impact of Treasury policy seemed quite unobjectionable, at least to me when tabling the amendment.

5 pm

Mr Field: It would probably be unwise for these provisions to be too wide. The credibility of inflation targeting would be undermined if the target were to be changed even on an irregular basis, if at all. As the hon. Member for Luton North (Kelvin Hopkins) said, the remit of the Bank of England covers not only inflation targeting but the greater interests of the overall economy. The latter remit is less well known than the former, but it is the reason interest rates have stayed at a very low level given the high levels of RPI and CPI that we are experiencing.

Chris Leslie: I would recommend that all hon. Members take a look at the draft charter for budget responsibility, which has several interesting facets. I have no doubt that the Minister will explain, in layman's terms, what is meant by a

"rolling, five-year forecast period"

in relation to the cyclically adjusted current balance. Some hon. Members might find it difficult to envisage how that rolling forecast will operate in principle. Many of us can understand the concept of a fixed year or a fixed date against which a set of targets are to be judged, but if the horizon shifts continually, that is different. It would be interesting to hear the Minister explain that when she responds.

Mr Cash: I am sure that the hon. Gentleman also has in mind clause 6(3), which imposes the following obligation:

"The Office must, in the performance of its duty…act consistently with any guidance included in the Charter".

As he well knows, I am rather particular about the words used in legislation. I like to know, first, what they mean and, secondly, what their consequence would be; I do not think that is unreasonable. I worry about the

[Mr Cash]

extent to which he would effectively be taking away from this House or, for that matter, from the Minister, any responsibility whatsoever for any aspect of the running of the macro economy. I have sympathy with his objective, but I am worried about how it fits into the framework of these provisions.

Chris Leslie: I would not want the hon. Gentleman to misunderstand the point of our amendment. It would, in essence, ensure that the charter for budget responsibility had a wide enough definition to give the new Office for Budget Responsibility, if it is indeed an independent body, more latitude to look across the wider set of economic indices and make its analysis and assessment of the impact of the Treasury's policy on the ground—in the real world and the real economy—instead of looking merely at the desiccated issue of deficit reduction.

Stewart Hosie (Dundee East) (SNP): I understand why the hon. Gentleman wants this provision, and I am not unsupportive. I am worried that he would conflate the work of the OBR with that of the Financial Policy Committee. We should remember that the FPC is charged with looking at the macro economy, which may well mean looking beyond monetary policy—the responsibility of the Monetary Policy Committee—and the macro-prudential. It might be able to look at the other aspects that he is expecting the OBR to look at, and that could muddy the waters even further. Does he see the potential for conflict between the OBR, with the role that he wants to set, and the FPC, with the role it is likely to have?

Chris Leslie: I understand where the hon. Gentleman is coming from. As I understand it, however, the Government, in creating the Financial Policy Committee at the Bank of England, propose to give it a particular responsibility for macro-prudential regulation. That is quite different from the role of the OBR, which, as an analytical and assessing independent body, will have a duty to provide comment and analysis on, and a degree of scrutiny of, the proposals of the Treasury and, more narrowly, the Treasury's policy in relation to the accounting aspects of fiscal policy alone. If we are to have an Office for Budget Responsibility—or, as some hon. Members have suggested, the equivalent of the Congressional Budget Office, with some kind of parliamentary Budget office, which we will discuss later—it must be an independent body, so it must have the indisputable right to comment on the Treasury's policies writ large on macro-economic and fiscal policy. I do not feel that there is necessarily a conflict with the Government proposals on changing financial services regulation, although we have not yet seen their proposals, and we do not really know what powers they intend to vest with the Bank of England on macro-prudential regulation. We will come to that another day.

I will explain why I think it is important that we focus on the concept of a growth mandate. It is not something that was just dreamed up by the Opposition. The Engineering Employers Federation has also called for a growth mandate to supplement the fiscal mandate in the charter for budget responsibility and in the Budget. It states that a growth mandate would

"send a powerful signal to business in the forthcoming Budget that government has a clear strategy to address the barriers to growth"

and calls for

"a Parliament long programme to deliver on it."

Terry Scuoler, the chief executive of the EEF, has said that a growth mandate should be introduced to

"report on the progress at each Budget in the same way it does with the Fiscal Mandate."

The EEF also states that

"like the Fiscal Mandate, the Growth Mandate should span the lifetime of a parliament with each subsequent Budget and policy announcement showing further incremental progress."

The EEF makes a good point about the impact on the industries that it represents, which are in the real economy. Ultimately, that is what matters to our constituents.

Kelvin Hopkins: In line with that, would it not be sensible to ensure that the members of the OBR, when they are appointed, represent a range of views? The Monetary Policy Committee has hawks and doves, who have widely differing views on what should happen to interest rates. Equally, there ought to be voices in the OBR putting the case for the real economy, as well as simply for the Budget.

Chris Leslie: That is absolutely right. The Government have given the concession to the Treasury Committee that it can hold pre-appointment hearings for three of the five members of the OBR board. That is, of course, welcome.

John Mann: Why not all five?

Chris Leslie: We debated that point in the Public Bill Committee. Having consulted the Treasury Committee Chair subsequently, I understand that it has to weigh up how much time it has for such matters versus other things. That may well be a matter for the Treasury Committee to revisit. I urge it to ask for the ability to appoint all five members, not least because the two non-executive members who will not have a pre-appointment hearing are essentially appointed by the Chancellor of the Exchequer. To ensure their impartiality beyond doubt, it would seem necessary for the Treasury Committee to have the right, if it saw fit, to scrutinise all five.

John Mann: As a member of the Treasury Committee, I wholeheartedly back the principle that all five members should be scrutinised appropriately, not least because of the point that my hon. Friend the Member for Luton North (Kelvin Hopkins) made about ensuring that there is the maximum possible specialist input, including from the labour market, in the decision making. Let us scrutinise all five.

Chris Leslie: I look forward very much to those pre-appointment hearings and the reports of them. It is important to have people who understand the real economy. That is the gist of our amendments. We are worried about these matters.

Mr Cash *rose—*

Chris Leslie: If the hon. Gentleman will allow me, I will make a little progress, because I want to ensure that other Members have the chance to comment in this debate.

One reason we feel it necessary to put the concept of a growth mandate in the charter for budget responsibility is our anxiety that the current Chancellor of the Exchequer and Treasury are slightly blinkered when it comes to growth and employment. We know that in all probability, the Chancellor will announce tomorrow that the OBR is to downgrade the growth forecast. [HON. MEMBERS: "No!"] Yes, my hon. Friends may be shocked at that piece of advance news, but apparently it says on the front page of the *Financial Times* today that the growth forecast for 2011 will be downgraded from 2.1% to 1.8%. The British Chambers of Commerce has also downgraded its 2011 gross domestic product forecast and is now expecting GDP growth of only 1.5%, down from a forecast of 1.9%. Other consensus forecasters are moving in the same direction.

Ian Murray (Edinburgh South) (Lab): Will my hon. Friend explain to the House, and particularly to us new Members, whether the OBR has reduced its forecast at any other time in the past year?

Chris Leslie: It is a one-way journey, unfortunately. The OBR started with high expectations of growth soon after the general election, and at every stage at which it has made adjustments, the spiral of the economy's growth prospects has descended.

Thomas Docherty (Dunfermline and West Fife) (Lab): Like the Lib Dem poll rating.

Chris Leslie: Possibly, but in a more tragic and important way that affects real lives and real people. It does not really matter what happens to the Liberal Democrat poll rating, but growth falling behind and diminishing as unemployment rises is a really important issue in the real world.

Stewart Hosie: May I bring the hon. Gentleman back to the amendment for a second? I am sure he is not suggesting that the OBR should have any role in setting the fiscal mandate. I understand why he wants the consideration of growth to be part of its mandate, but the Treasury Committee stated that the OBR's commentary function

"should be one of informing public debate through disseminating better understanding of fiscal policy and long-term economic trends, identifying possible risks"

and so on. Those long-term trends would inevitably include growth. Although none of us would want the OBR to comment on individual policy measures, even the Government's response—I certainly do not defend them—states that the OBR would be

"examining and reporting on...the long-term impact of the Government's decisions."

Again, that would include their impact on growth. Does the OBR not already have the ability that he is looking to give it?

Chris Leslie: I suspect that the Economic Secretary will make that point in her retort, when she eloquently resists all amendments, as is her usual pattern of behaviour.

However, it is not clear enough that growth and employment are matters that the OBR can comment on and analyse. I absolutely would not want to give it the power to determine the mandate, but the Treasury should be big enough and ugly enough to withstand commentary from such an independent body.

Mr Cash: May we park that matter for now, without in any way undermining the hon. Gentleman's main point about judicial authority? What he said in the Public Bill Committee was completely right—if we impose a statutory duty, we have to accept that the courts will adjudicate.

That is important enough, but how would the hon. Gentleman reconcile clause 6(3), which states:

"The Office must, in the performance of its duty...act consistently with any guidance"

under the charter with, for example, European directives that will emerge under the 2020 strategy? Under his proposals, which would prevail?

Chris Leslie: The growth mandate that we are suggesting would be a responsibility of the Treasury, not of the OBR, but it would give the OBR a duty to have regard to whatever else was in the charter. Simply inserting the fact that the Treasury had to follow a growth mandate would give the OBR the right to comment on the Treasury's performance in respect of that mandate. Whether there are European or other influences on the Treasury's policies and performance is a debate for another time, I suspect.

Mr Cash: There are.

Chris Leslie: I am quite sure that there are influences, but we tabled the amendment to draw out answers to some of these questions.

John Mann: One statistic that is not currently provided by the OBR is its projection of the number of new employees entering the country from abroad, including from within the EU. The amendment might mean that the OBR must provide that statistic, which is important in social and economic policy. At the moment, the OBR gives only a general figure from which we cannot deduce, without more detailed and hidden questioning, precisely how many new jobs come from abroad. My understanding is that currently, 700,000 to 800,000 of the new jobs being created will involve EU migrants. What does my hon. Friend say to that?

5.15 pm

Chris Leslie: If the OBR is to do an adequate and holistic job in commenting on economic prospects, it surely needs the clear and explicit right to comment on employment policy, growth policy and so forth. My hon. Friend is absolutely right to raise the issue of employment and jobs. The most recent figures show that the jobseeker's allowance claimant rate is 8% of the population, which is a 17-year high, and a prediction of 2.6 million unemployed. Again, that is likely to be revised upwards by the OBR when it comments on the forthcoming Budget.

My constituency, Nottingham East, symbolically passed the 10% claimant count rate, which is a very depressing milestone. For those reasons, and because long-term unemployment is increasing so quickly—it is up 24% in

[Chris Leslie]

the last year—and more than one in five young people between the ages of 16 and 24 are out of work and on the dole, surely we need the charter for budget responsibility to include a growth mandate, and for the OBR to have the ability to assess the impact of the Treasury's polices on jobs and growth.

Geraint Davies (Swansea West) (Lab/Co-op): The Bill states:

"It is the duty of the Office to examine and report on the sustainability of the public finances."

The sustainability of public finances involves three factors: tax, spend and growth. In tomorrow's Budget, the Chancellor is expected to say, "This is a Budget for growth with very little change in tax and spend," but it would be remarkable and ridiculous if two massive parts of the sustainability of public finances were not properly accommodated within the OBR.

Chris Leslie: My hon. Friend is absolutely right. It would be such a pity if this edifice—the OBR—did not scrutinise the things that the Government know they are vulnerable on, and on which their policies are deficient. The Government do not have a strategy for growth and jobs, and we need the OBR to be able to expose that. Growth has a number of drivers—

Kelvin Hopkins: Will my hon. Friend give way?

Chris Leslie: I will not, if my hon. Friend will allow me, because I want to focus on what the OBR needs to take account of.

The Economic Secretary to the Treasury (Justine Greening): I have been listening to the hon. Gentleman for a while, but I want to draw his attention to the OBR's economic and fiscal outlook, which was published in November last year. I do not know whether he has looked at that, because it contains 50 pages that consider the forecasting issues about which Opposition Members are raising concerns. I thought I would mention that because I get the impression from what he is saying that he has not read it.

Chris Leslie: Quite the contrary. Perhaps that was published in the free phase when the OBR, untrammelled by legislation and existing in the ether, as it currently does—we are post-hoc legislating now—had its moment of freedom when it could comment on such things. If the Bill locks the OBR into a narrow band of responsibilities and duties, it is reasonable to worry that it will be limited to commenting on a certain number of aspects. I accept absolutely that, as the Minister says, fiscal policy is affected by growth, and that therefore the OBR has an implicit right to comment, but that has not been made clear enough, which is a sign that she still does not understand the centrality of growth and employment policy to what the Treasury should be pursuing.

Kelvin Hopkins: My hon. Friend is right to focus on the importance of flexibility and the ability to deal with the problems he has described in his constituency. However, the hon. Member for Stone (Mr Cash) made a useful point about the EU's arrangements, under which a completely independent central bank with no democratic controls sets interest rates that might or might not be appropriate for different nations. There are Maastricht rules and a rigid currency that cannot be flexed by countries that need to do so. Our situation is so much better because we have preserved a degree of flexibility so that we can manage our economy in the interests of our people.

Chris Leslie: Indeed, and we should pay tribute to the previous Prime Minister for maintaining and establishing those freedoms and that independence. However, you would rule me out of order, Mr Speaker, if we departed too much from the amendments.

A growth mandate is necessary on the four principal components of growth. The Government's strategy on consumer spending is falling apart by the day. The nationwide consumer confidence index published this week showed a record low among the general public. One reason consumers are losing confidence is the possibility of VAT going to 20%. Real disposal incomes are falling back to the 2008 level, and median income is falling more than at any time since the 1980s. John Lewis reported falls in sales last week, Debenhams is saying that trading conditions are tough, credit levels are contracting, and from April onwards, of course, some of the tax credit changes and other changes will take money out of the pockets of consumers. We know therefore that on the consumer spending components of growth the Government have already lost control of a decent growth strategy.

On business investment, banks are still slow to lend to high-growth businesses. More than 20% of commercial real estate loans are in default or in breach of their covenants, and the much-trumpeted national insurance holiday that Ministers offered to new start-up businesses has not been taken up to the extent predicted by Ministers, owing to the complexities they have imposed on the arrangements. The Government's growth strategy currently seems to depend on a number of odd assumptions, including that it is the fault of employee rights, which need to be eroded to boost growth. That is the kernel of their growth strategy.

On planning law, the Government are sometimes localist and sometimes not; sometimes they devolve powers but sometimes they do not want to give certain powers to councils. Their approach on planning is confused. Will they relax Sunday trading laws? There is speculation all over the place. There is even confusion over business rates. The Minister's colleagues in HMRC have issued 40 different consultations, discussion documents, updates and responses on tax changes since the previous Budget, which, as many businesses complain, brings uncertainty and confusion. And to cap it all, with the abolition of the regional development agencies, they have created these local enterprise partnerships, with no clarity about their role or budget. We will see tomorrow about the enterprise zones, but on business investment the growth strategy is very deficient.

The Government are relying totally on an export-driven miracle to be the salvation of their growth strategy, yet if the Treasury predictions are correct we would need the highest export growth every year for the next three years, which last occurred in 1974, I think. That means, for example, that our exports to the USA would have to

triple or our exports to China would have to grow twentyfold. That is not a growth strategy, but a prayer for a miracle.

To cap it all, we know what is happening with public sector expenditure. The rush to reduce the deficit so deep and so fast is causing great harm to the growth prospects of the economy and taking out a number of posts, particularly in parts of the country that are least resilient.

Amendment 3 would add to the Office for Budget Responsibility's duties the requirement to assess the impact of Treasury policy on jobs and economic growth. Defining responsibility as such a purist, accountancy-type concept is to take a slightly dry and aloof approach, which seems to us irresponsible, given the real-world impact on people, jobs and society. We need to ensure that the OBR is a more rounded organisation that is grounded in the real economy, not just a narrow, bean-counting institution that looks at statistics or just one aspect of economic policy. It needs to be strategic, predictive, competent and authoritative, and it can do that only by having a duty to analyse the Treasury's impact across the board. That would be one way of creating longer-term sustainability for the Office for Budget Responsibility, beyond the Government's current plans for deficit reduction.

Amendment 4 would give the OBR a duty to assess the impact of growth in our regions and nations. We know that the Government's spending cuts are hitting less prosperous parts of the country disproportionately. The disparities in our economy are growing as a result of the Government's policies, and clearly that is harmful. Indeed, we saw that in the unemployment statistics this week, for example, with 27,000 more people made redundant in the west midlands and 8% unemployment in my region of the east midlands.

Stewart Hosie: We have indeed seen unemployment statistics, which show unemployment in Scotland falling for three months in a row, employment rising for three months in a row and construction up massively, specifically because of decisions taken by the Scottish Government to re-profile capital expenditure. How would the OBR relate, for example, to the Scottish Government on the different routes that they had taken over the same period? How would that technically work?

Chris Leslie: If the OBR could explicitly comment on employment and growth policy, it would be able to look at the different tactics employed in the economic policies of the different regions and nations. If there were good or poor policies in different corners of the country, the OBR would be able to analyse and pass comment on them.

Stewart Hosie: The hon. Gentleman is being generous in giving way, but I am quite keen to probe on this issue. What he has said makes perfect logical sense, but at that point the OBR would be commenting not on UK policy, but on regional or national policy. If it were commenting on a micro-policy, rather than policy at the UK level, would that not put it in difficult political territory?

Chris Leslie: If a policy were having a significantly adverse effect on jobs, such as some of the policies pursued by the current, Tory-led Government, it would be useful to have an independent, authoritative budget office to comment on that and to flag it up—to put out a red alert, as it were—as something that parliamentarians ought to comment on. I would not have a problem with that level of commentary. We should be big enough to cope with that level of challenge, audit and scrutiny. We would not be giving the OBR any power to make decisions; the point is simply to shine a spotlight on Treasury and Government policies.

Geraint Davies *rose—*

Chris Leslie: If my hon. Friend will allow me, I will not give way. I have been speaking for rather a long time and I want to stop, but hon. Members may wish to make their own comments individually.

Clearly we need a proper growth strategy, but a growth mandate would also help. We need to start focusing on future growth industries and maximising our comparative advantage. We need to cast forward with a growth strategy not just for a decade, but for several decades. We need to focus on skills and, yes, a fiscal strategy, but we also need to focus on job creation, and a growth mandate with the clarity for the OBR to make its own assessments would certainly be a step in the right direction.

Mr Cash: Some time before the general election, as the financial crisis was developing—particularly in relation to the banks—there was a certain amount of talk about the idea being put forward by the then Opposition for an office for budget responsibility. I remember participating in some of those debates, and saying that I thought that it was an extremely good idea to have a much clearer picture of how we organised our finances. However, at that time the true level of debt was not being revealed by the then Government. We had reason to believe that the actual amount of debt was very different from what was being put forward. That had significant repercussions for the question of how we should deal with it. The OBR, or whatever else was going to be put in place, would have had to deal with the reality of the debt.

5.30 pm

I take the simple view, which I put forward in my election address, that not one penny of public expenditure can be derived from any source other than taxed private enterprise. In fact, I challenge anyone—short of printing the money—to tell me that I am wrong. The next question is: how do we get the revenues to pay for that public expenditure, except through growth in the area where the private enterprise is being generated?

I have sympathy with the concept that the hon. Member for Nottingham East (Chris Leslie) has incorporated in his amendments, because in order to arrive at a sensible approach to reducing the deficit, we must have the growth. It is impossible, in my mind, to separate the idea of growth and employment from the question of how much growth we are able to generate. I also believe that, in the present times, it is impossible for us to generate growth when, as I said in a debate a few weeks ago, about 50% of our trade takes place with the European Union, whose member states, except for Germany, are effectively bankrupt. I also mentioned *The Economist* last week, because we were discussing economic governance. We also have the competitiveness

pact, and the motion that we shall have to vote on tomorrow, on the manner in which we try to square the circle of economic growth with economic governance. Lord Eatwell yesterday drove a coach and horses through the Government's arguments on the motion regarding section 6 of the European Union (Amendment) Act 2008, which we have not yet passed; there is a deferred Division on it tomorrow.

The accumulation of all those factors, like the Bill itself, are subject to one enormous elephant in the room. I have looked through the proceedings in the Public Bill Committee and elsewhere, and I can see no reference to the one thing that troubles me about the Bill. I understand the desire for a good fiscal policy, and the need to relate that to economic policy, job creation and growth; that is all good, but how do we reconcile all that with the factors that cannot be avoided?

The elephant in the room is the implications of European Union policy. As Chairman of the European Scrutiny Committee, I can assure the shadow Minister, the hon. Member for Nottingham East, of the importance of this. He told me the other day that when he took on this job he had no idea just how much the European Union was affecting his functions. Indeed, the same goes for the Government. The European dimension overlays the provisions of the Bill. The duties that the Bill imposes will be subject to the requirements that European law will impose on top of them. That raises the second question referred to by the hon. Gentleman: the question of judicial authority.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The hon. Gentleman knows what I am going to say. I do not want to spoil what he is going to say on Third Reading, so it might be better if he stuck to the subject of the amendments. That would be more useful to us at this stage.

Mr Cash: I am very glad to be able to follow that advice. In order for the provisions contained in the amendments to be inserted in the Bill, it is essential for the House to be aware of the implications of judicial authority, the assertions of the Supreme Court in that context, and the sovereignty of Parliament. There is, for example, the question of fiscal policy and the charter, which is set out in clause 1(2) and to which the question of economic growth and job creation would be added by the amendments. Clause 6(3) states:

> "The Office must, in the performance of its duty under section 4, act consistently with any guidance included in the Charter by virtue of this section."

I am deeply worried about the legal status of the charter in this context.

As for fiscal policy, I remind the House that the other day, probably for the first time since 1640—Pym and Hampden and all that—the Government passed a motion saying that we were only primarily responsible for it. I voted against the motion—as did my hon. Friend the Member for Bury North (Mr Nuttall) and a number of others—but the whole House should have voted against it, because in fact we are exclusively responsible for fiscal policy, and that is what the Bill is supposed to be based on.

What worries me particularly is the inconsistency with fundamental questions that are in the background, involving the primacy of European law, sovereignty and judicial authority. I need make no further points, because in a nutshell, if those issues cannot be reconciled with what is in the Bill, and if the duties of the Office for Budget Responsibility are to examine and report on the sustainability of the public finances, to prepare "fiscal and economic forecasts", to make assessments and analyse sustainability, and to act consistently with the charter as a matter of law, we are surely entitled to ask: which law will prevail?

Obviously, I agree with all the ideas that are being presented. We all want an efficient economy, we all want jobs and we all want growth. We cannot survive without growth, and we cannot generate the revenues to pay for the public sector without that growth in the private sector. What worries me is that all those ideas are being imposed through a Bill, rather than through the judgment of Ministers who are accountable to the House of Commons, and should not be required to refer back to the judicial authority of the courts or the alleged primacy of the European Union.

I fear that we are embarking on one of those Lewis Carroll-type situations. I am reminded of "The Hunting of the Snark". Members may recall the phraseology. We know that we want it, we know it is there, but the question is, what is it going to do? I have a serious problem with the Bill for that reason. I fear that we are engaged in a process of wishful thinking rather than achievement, and that we are being locked into a withdrawal from parliamentary accountability—and, as some Members may know by now, I regard that as the ultimate test of our democratic system.

Ian Murray: It is a pleasure to follow the hon. Member for Stone (Mr Cash). At the end of his contribution he referred to wishful thinking. Labour Members certainly think the Chancellor's gamble with the UK economy is wishful thinking. The recent reduction in GDP came as a shock to everyone, and serves to highlight some of the wishful thinking indulged in by those on the Treasury Bench.

I think that everyone supports the establishment of the Office for Budget Responsibility. One of the best measures taken by the Labour Government was the courageous step of making the Bank of England independent. We have all seen the benefits of that, in good times as well as bad, as it can now make decisions for the benefit of the economy, rather than the benefit of the Government.

In the establishment in law of the OBR, the Bill should focus on more than just deficit and debt issues. Clause 1(1) states that the Treasury must look at

> "the formulation and implementation of fiscal policy and policy for the management of the National Debt."

That narrow focus takes us away from what we need most, which is economic growth. It does not even give the OBR the ability to take account of various specific objectives the Government may want to achieve, such as on child poverty or unemployment, or in terms of the impact on the economy of decisions made by the Chancellor and his team.

Justine Greening: To reassure the hon. Gentleman, may I point out that the OBR is free to consider the impact of any Government policy on the sustainability of the public finances? It therefore does have the discretion to conduct analysis that it may think necessary to assess whether the public finances are in a sustainable state.

Ian Murray: I am grateful to the Economic Secretary. As I have said previously in the House, she is one of the more capable Ministers, but she does occasionally fail to see the wood for the trees, and I would point out to her that the OBR's remit is purely fiscal, and its fiscal forecasting may not always take into account what is happening on the ground in all the local communities that we represent.

That brings me neatly to my next point, which is about independent forecasting. That is certainly no panacea, nor is it a substitute for the judgments made about the public finances by the Chancellor and Prime Minister. We need to be able to hold the Government to account on the accuracy of the forecasts and the consequences of the judgments and choices that they make. The Conservatives have repeatedly claimed that the Labour Government fiddled the figures, but that is not borne out by the statistics published by the Library. In all the years before the crash, in only two years did the growth forecasts fall below the range that the Treasury had published, so the Treasury was dealing with those issues. The Government are wrong if they believe that the OBR would have prevented a crisis, or that it will protect us from the consequences of some of what in my view are the Chancellor's misjudgments.

Stephen Williams (Bristol West) (LD): If the OBR is such a good idea, why did the previous Government not introduce it during their 13 years in office? But leaving that aside, will the hon. Gentleman concede that if we had had an office for Budget responsibility in the last Parliament, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) would have found it much harder to dismiss warnings about the economy overheating, because those would have come from an independent office such as that created by this Bill?

Ian Murray: I am grateful to my hon. Friend; I get on very well with the hon. Gentleman, so I consider him to be my hon. Friend—

Thomas Docherty (Dunfermline and West Fife) (Lab): Shame!

Ian Murray: That may not please every Labour Member, but nobody is objecting to the setting up of the OBR. My point is about the previous Government's record: in only two years did the growth forecast fall below the range that the Treasury had published. I am not claiming that the OBR does not do sterling work.

That last intervention brings me neatly to my point about what the OBR has been able to do. It serves as a strong antidote to the propaganda about the figures that we have been hearing from the Government. The OBR said that because of the actions of the Labour Government, the deficit in 2009-10 was more than £20 billion less than had been expected. It also said that under the Tory-led Government's plans there would be 110,000 more people on the dole by the end of this Parliament than would have been the case under Labour's plans. Those are the OBR's figures, which is why I am so delighted that it was set up—the hon. Member for Bristol West (Stephen Williams) can check the figures if he wishes. The OBR forecasts based on Labour's plans until the election were that the economy would grow by 2.6% in 2011, whereas the figure under this Government spirals down to 2.1%—and even that may be reduced when the Chancellor speaks at the Dispatch Box tomorrow. So the OBR has been a good antidote to the propaganda that we have heard from those on the Government Benches.

5.45 pm

I wonder what the Chief Secretary would say about the OBR's forecast that under Labour's plans consumer prices index inflation would have been at 1.6% in 2011, compared with the current 2.8%, which is partly due to the VAT rise. I wonder whether he now regrets having called it a "Tory tax bombshell", because according to the OBR's CPI inflation figures, it seems that it is probably a Tory inflation bombshell. That is why the OBR needs a growth mandate, and why these are perfectly reasonable amendments to make at this stage of the Bill's proceedings.

According to the OBR's somewhat optimistic forecasts, in order to get the deficit down the Chancellor is banking on an almost unprecedented boom in business investment and net trade, the like of which has not been seen in Britain since two years before I was born. That statistic should show that extreme economic growth is required. My hon. Friend the Member for Nottingham East (Chris Leslie) mentioned the sort of increase in trade and investment that would be needed to produce that kind of almost unprecedented boom in the economy, which has not been seen since 1974.

It would be wrong of me not to highlight the issues associated with where the OBR should be based, which have been raised during earlier proceedings. Many of my hon. Friends have said that it should not be based in Whitehall, so that it would be less influenced by Whitehall. That is why it should be based in a major growth sector in the economy. Basing it in my home town of Edinburgh, which includes my constituency and has the second largest financial sector, after London, would mean not only that the OBR could have its finger on the pulse of what is happening in the economy, but that it would have a growth mandate right in the heart of that area.

The reason a growth mandate is needed is reflected directly in amendment 4, and relates to the OBR revising down its growth strategy—*[Interruption.]* I will change my remarks every time I look at the Clerk, perhaps to avoid being chastised for going slightly off the point; I am grateful for his animated guidance. Let us examine some of the myths about growth. When Labour left office the recovery was picking up: growth was 1.1%—its highest level in 2010—unemployment was falling, and as I have said, according to the OBR the deficit came in more than £20 billion lower. So if growth had been included in the OBR's strategy when we set it up on a statutory basis, we would have been able to see the real projections on unemployment and on growth, and the real consequences of some of the decisions that the Chancellor will announce at that Dispatch Box tomorrow.

I shall conclude by making two further points, the first of which relates to the myths about this country's level of deficit and national debt.

Andrew Bridgen (North West Leicestershire) (Con): I welcome the fact that the OBR is in place. Does the hon. Gentleman think that if it had been formed back in 1997, it would have advised the Labour Government against increasing the national debt by a stonking £74.9 billion in the boom years between 1997 and 2004?

Ian Murray: One would have thought that the three interventions I have taken were scripted across the Chamber, because the hon. Gentleman leads me to the second point in this part of my speech. I was talking about the deficit and the national debt, so let us dispel some of the propaganda in the OBR's reports. He is welcome to read both them and the fantastic summary of performance indicators in the economy that the Library has produced. This point shows why it is incredibly important that the OBR should examine a wider set of figures, rather than just fiscal and national debt. Public sector net debt was down to 36.5% of gross domestic product in 2007-08, compared with the 42.5% that was inherited in 1996-97. Most of that borrowing was to do with financing capital investment, and not day-to-day expenditure as the Conservatives claim.

Stewart Hosie: Unfortunately that is not quite true, because the bulk of the capital expenditure took place through the private finance initiative. If memory serves, the outstanding balance on the credit card for that is £200 billion—of which, under the Labour Government, two thirds was off the balance sheet.

Ian Murray: The figures are there for people to see. I am delighted that we have had a contribution from the hon. Member for Dundee East (Stewart Hosie) on this subject, because in the past four years of Scottish National party government not one brick has been laid to build new infrastructure in Scotland. They have refused even to set up anything to do with building public infrastructure.

Stewart Hosie *rose—*

Mr. Deputy Speaker (Mr Lindsay Hoyle): Order. We are not going to be drawn into the party politics of Scotland. Let us stick to the amendment.

Ian Murray: Thank you, Mr Deputy Speaker. I will resist the temptation to have another go at the Scottish National party in the Chamber, and will take your guidance.

I shall finish on two quick points. First, the level of borrowing before the financial crisis did not cause the recession. Every country in the world was affected, so it does not take a rocket scientist to work out that it was a worldwide financial crisis. The coalition Government's propaganda—

Stephen Williams: Will the hon. Gentleman give way?

Ian Murray: I may just carry on, as I know you are trying to get through the speakers, Mr Deputy Speaker.

The coalition would have us believe that the previous Government were responsible for the economic crisis in, to name but a few countries, Germany, France, the US, Japan, Greece, Portugal, Spain, Italy, Iceland, and that member of the arc of prosperity, Ireland.

Finally, I want to give a human story and show why there is a need for a growth factor mandate at the OBR. On Sunday in my constituency I met a family who raised the spectre of what the Government's changes mean for them and the problems that they face as a result. The OBR reflects these issues in the figures it produces, but not in terms of growth. That family gave me a list, which follows on from a list given to me by someone at Her Majesty's Revenue and Customs: they have listed the cost of all the changes to their family budget, which amount to a loss of £4,000 a year. One member of the family earns just into the upper tax bracket, and his partner works part-time and tends to look after the children. When the national insurance increase and the child benefit cut—because he is a higher tax bracket earner—are taken into account as well as the increase in VAT and pension contributions, the overall consumer prices index increase to pensions, his public sector pay freeze, the extra cost of fuel going into the car, the increase in utility bills, food inflation and general inflation in the economy, it all has a rather hard-hitting effect on the family budget. That is why I think the amendments are sensible, and why the OBR needs a growth mandate to get the Chancellor out of a hole—because he does not have a plan B, and it does not really look as if he has a plan A, either.

John Mann: I shall speak solely to the excellent amendment that my hon. Friend the Member for Nottingham East (Chris Leslie) so eloquently put forward. In doing so, I shall argue why it is in the Government's interests to accept the amendment. I am certain that by the end of my speech the Minister will wish to accept it and will accede by nodding that she will do so.

The amendment is a pro-Government amendment and would be pro-Government whoever was in government, because unlike the usual party-politicking that we tend to get on Report, particularly early on, the amendment is a highly pragmatic and practical amendment to a process that, as the Government stated when they set up the OBR, was itself meant to be independent, practical and pragmatic. The shame is that we could be in a Public Bill Committee given the paucity of the number of Members present to debate this rather important Bill and an area of the economy that is the most fundamental issue that we face, along with every other Parliament in the world. I know we will not have a green Budget tomorrow, but today the green Benches are largely empty of hon. Members ready to participate in and listen to the debate. That is an indictment of the confidence that Back Benchers from both halves of the coalition have in their Government's economic policies on the verge of the Chancellor's second Budget.

We have an opportunity to shape the independent analysis that will sit alongside this and all future Budgets, including when, at some stage, the coalition parties are in opposition—although I appreciate that the Liberals are, in essence, already in opposition. It is extraordinary that so few of them are present. If I were a Liberal now—I never will be, but if I were—I would be thinking, "Here is an opportunity, with this amendment, to try to have a smidgen of influence over this tawdry Government." That smidgen of influence is entirely lacking now, because the Liberals are nothing more than lapdogs to the Tories' economic policies.

I shall illustrate my point with two examples, the first of which concerns the labour market and issues such as immigration and why it is so relevant to what the OBR is not doing and, I believe, will not do in its report that will be presented with the Budget tomorrow. When assessing job creation, it is essential from a Treasury and from a social policy point of view to ascertain precisely what new jobs there are. In doing so, work

should not be broken down to the micro-level of particular kinds of jobs, as policy makers do not need to know that. However, they do need to know about the people who have entered the labour market and were not in it before. If it is projected that just over 1 million jobs will be created in this Parliament, it makes a world of difference if those jobs are taken by young people coming into our economy from the accession countries of eastern Europe, perhaps on a temporary basis, to participate in those elements of growth in our economy rather than being taken by the domestically resident, unemployed, underemployed, retired or partially retired population.

The economics of this issue are as important to decision making as the social policy side, which I am sure all hon. Members will recognise is very important. If the majority of jobs being created are semi-permanent, service sector-based jobs in the south-east, particularly in London, and if they are filled by people from overseas, there will be economic and social consequences. One economic consequence will be an overheating of the London and south-east economies.

The failure to take that into account in economic planning was by far the biggest fault line under the previous Labour Government. It is foolhardy of the current Government, with the cheering on the Conservative Back Benches that there has been, to do exactly the same thing given that a tool has been created that would allow that objective analysis—if it were allowed to do that job. If the OBR's report tomorrow gives a breakdown of where jobs are coming from, how many are in the south-east and London, and how many are new jobs going to people coming into the country for the first time, that will give us far greater certainty about the economic and social consequences. Some of those economic consequences, as well as social consequences, will be an overheated housing market in London and the south-east, which has previously been an impediment to certain forms of growth and to those who have wished to get into the labour market but have not been able to do so.

6 pm

I have set out this rather crude point in the past, but I shall do so again. If there is the option of employing a 20-year-old Slovakian—or even a 21-year-old; perhaps a graduate—or a 57-year-old person who has not worked for 10 years, and therefore has no record of recent employment or testimony from recent employers, who will the rational employer be more likely to employ? The previous Labour Government failed to get their head fully around that conundrum, which was why there was an imbalance in the growth of the economy that caused London and the south-east to overheat. That overheating led to social consequences, not least in the housing market, and the public policy response was a demand that more public money should be thrown at those social consequences to try to adjust the housing market and build more housing. Such social policy was perfectly reasonable and rational, but it had implications for the public finances, which is why information about the precise nature of the jobs is critical not only to economic decision making, but to social policy making.

Stewart Hosie: The hon. Gentleman makes an interesting point about the nature of employment, but I am not sure whether the growth mandate to which amendment 1 refers would help. There were years under Labour in which there was net growth, but the Labour Government still managed to lose 1 million manufacturing jobs in those years—this was before the recession—and I am not sure how the growth mandate would have helped to inform us that we had lost those jobs, given that net growth was being identified and, presumably, reported on, as it would be by the OBR.

John Mann: We, like other countries in the western world, are losing manufacturing jobs because of our refusal to deal with Chinese imports and the consumer myth of buying ever cheaper from China. The inherent trade imbalances and problems that accrue as a result will come back to haunt us, and while I know that the Government will want to allocate time to discuss that vital subject in the near future, it is slightly outside our present debate.

The hon. Gentleman is partly right and partly wrong. While it would be wrong to discuss policy issues relating to the economy now, if the statistics had been broken down at that time to allow his assessment to be made more accurately, it is rational to assume that the situation could have been debated more regularly and in a more informed way. That might have had a positive impact for Opposition Members such as him as well as Labour Back Benchers. Indeed, such information might also have informed the previous Government's policy making, which explains why amendment 1 is in the Government's favour.

We need to know about job creation and what jobs are available not only in London and the south-east, but in other parts of the United Kingdom. I have talked about immigration, but there is an equally vital factor for economic and social policy: the blurring, albeit for rational reasons, of retirement age. We have to consider early retirement, late retirement and the retirement age itself, as well as the vital question of pensions. Some employers in areas such as mine have deliberately targeted getting the over-60s back into employment. That is perfectly rational, and it is good for those people, for the social economy and, perhaps, for the economy overall. We need the information, however, not because that is a bad thing, but because we need to know whether the new jobs in our regions and constituencies are getting those people who are deemed to be retired into the labour market, as opposed to people who are not working—whether they want to work or not. If we are to crack the problem of those who choose not to work, or who are incapable of getting work—again, the rational employer goes for the person with work history—such understanding will be vital to our economic and social policy. I put it to hon. Members that the rational employer is far more likely to employ a 67-year-old with an excellent work history who is re-entering the labour market, perhaps in a part-time job, than a 57-year-old who has been unemployed for 10 years.

The decisions taken by employers and those individuals who wish to re-enter the labour market are not necessarily matters for us, but the consequences of their decisions are important to us, and especially to economic policy making. An understanding of the precise breakdown of new jobs and job losses is fundamental to economic policy making. Several of the economic assumptions that can be made about consumer behaviour, pensioners and wage demands flow from such analysis. That is why, as a slight aside, it would be foolhardy not to give the Treasury Committee a role in all five OBR appointments,

[John Mann]

because such a role would ensure that if a Chancellor were so foolish as to skew the appointment process towards people with a certain mindset or from a certain discipline in economics, as opposed to trying to achieve a balance, that Chancellor could be corrected through appropriate cross-party decision making. I am talking about any Chancellor—the present one, whoever replaces him in future reshuffles and our Chancellor, when we are in power. It is vital that there is an evidence base that stands independent of the Government so that we can all decide how to vote on the various measures that the Government bring forward. How can we possibly make an informed decision otherwise, except by political instinct, which is important but insufficient compared with having all the information?

I am therefore puzzled by why the Government are not leaping to thank my hon. Friend the Member for Nottingham East for tabling the amendment. Labour Members might see the fact that his approach would help out such a Tory Government as somewhat treacherous, but this is clearly the new politics. It is coalition gone mad when a Labour Front Bencher is putting forward a proposal that would help Conservative Back Benchers, the handful—a tiny number—of Liberals who are anywhere near government and the Government themselves.

Let me give another example about policy making. Who knows what will be determined about petrol policy tomorrow, but that is a good example of something that should be covered by the OBR's analysis. We need to know what has happened, including in the past, so that we can assess the impact of VAT on petrol, as well as on petrol duty, and the changes to petrol duty itself. The Chancellor might decide not to cut the price of petrol and yet not to increase it further, even though the price paid by drivers such as myself has gone up by ten quid since he became Chancellor. If he decides not to increase the price further, we will need to see a breakdown of the relevant information. We could go back through history, although I can guarantee that such a consideration will not be in the report that the OBR produces tomorrow. I could assist the office, however, because I have statistics that demonstrate that 70% of the existing tax on petrol was brought in by Conservative Chancellors since 1973. One might ask why Conservative Chancellors pick on the motorist to such an extent, but that is a debate for tomorrow rather than today, although I know that you, Mr Deputy Speaker, and others in the rural community will want to know why that is the case.

The point, in the context of the amendment, is that we must know precisely what is going on. I imagine that Conservative Back Benchers would be shocked to find out that Conservative Chancellors are responsible, as of today, for 70% of the tax on petrol. If the OBR had the mandate, however, those statistics could be laid out for us at every Budget and the pressure would be on. The pressure would, of course, be on Labour if the reverse had been the case and Labour Chancellors such as my right hon. Friends the Members for Kirkcaldy and Cowdenbeath (Mr Brown) and for Edinburgh South West (Mr Darling) had been responsible for the rise.

Andrew Bridgen: I applaud the hon. Gentleman's honesty in saying that Conservative Chancellors are responsible, because there is no doubt that Labour Chancellors have been extremely irresponsible. *[Interruption.]*

John Mann: I struggle with the humour, Mr Deputy Speaker.

The facts cannot be hidden. The facts about immigration cannot be hidden because they can be rooted out. My point is that the facts should be there and they should be presented. The facts on the semi-retired, part-retired, would-be-retired, past-retired and those back in the labour market are not there, but they would help with some of our social policy making and, I repeat, are vital to our economic policy making.

When it comes to the price of petrol and the level of tax on it, I imagine that some Greens and others—there are not many Green Members, of course—would see those statistics as important for social policy. As I have said, however, I am mainly interested in economic policy. I am interested in knowing about the impact in my area on small businesses as well as the larger businesses that rely on vehicles. I used to rely on vehicles when I had my own small family business, driving lorries across Europe. We know how much it costs to fill up, but as a new MP entering Parliament in 2001, I would have been interested in challenging Labour Chancellors over what they were going to do with the historic tax on fuel that had been imposed by their Conservative predecessors, particularly between 1979 when it was 6.6p and 1997 when it was about 45p—the biggest increase in petrol duty anywhere in the world. I appreciate that statistics can be embarrassing to Governments.

Stephen Williams: The hon. Gentleman objects to taxes on fuel—we hear a lot from many Labour Members about their objections to different tax rises by this and previous Governments—so where does he think that the tax burden should fall, given that billions of pounds are raised by fuel duties?

John Mann: I will have to resist—not because I am not keen to respond, but because I see immediately that Mr Deputy Speaker does not want me to stray into taxation policy. This is about the statistics, and the statistics are fascinating when we know that Labour Chancellors have put up petrol duty so little in comparison with Conservative Chancellors. We know why: it is because we are on the side of industry and of business. We have not said that enough; we have not been proud enough to say it, and we need to say it far more.

When it comes to economic decision making and the ability to have comparators, the statistics are vital. That is why I emphasise that, in essence, amendment 1 is a pro-Government amendment. I predict that, at tomorrow's Budget, the Office for Budget Responsibility will not provide such analysis. It is wrong that it will fail to do so, but its excuse will be that it does not have a mandate. We have an opportunity to put that right. I look to the Minister to nod to show that she is going to accept this excellent amendment in order to strengthen decision making and to be on the side of the motorist and those who want a proper debate on the labour market and jobs in this country. I commend the amendment to the House.

Geraint Davies: The amendment is essentially about making growth a centrepiece of the Office for Budget Responsibility—for very obvious reasons. The OBR's remit, as set out in clause 4, is to

"report on the sustainability of the public finances".

That sustainability consists of tax, expenditure and growth. We are not saying that the OBR makes no implicit consideration of growth, but that growth needs to be made a much more central part of the information available for our deliberations.

6.15 pm

Justine Greening: Clause 5(1) states:

"The Office has complete discretion in the performance of its duty under section 4".

Does the hon. Gentleman think that that is somehow insufficient to provide the OBR with the absolute discretion it needs to do any analysis it wants to fulfil the main duty he mentioned?

Geraint Davies: Having complete discretion is useful, but the word discretion means that something remains a matter of discretion—these things do not have to be done. The OBR has the discretion to go around looking at whatever it likes, but the amendment is saying something different—that the centrepiece of our economic future is economic growth. That has belatedly been recognised by the Chancellor, as we will see in tomorrow's Budget, when he will say, "I have done all the tax and spend, but, oh no, everything is going wrong because growth is going down the chute, so I had better belatedly do something about it." The previous Government had sent us on a trajectory of positive growth, albeit that it was a fragile recovery after a financial crisis. The Chancellor has seen that we are going into negativity, so he has scratched his head and realised that growth has something to do with the public finances.

We have been lambasted by Conservative Members who say that the deficit is terrible and Labour left the cupboard bare. They conveniently forget that, as reported by all the economic forecasters, including the Institute for Fiscal Studies, two thirds of the £84 billion deficit came from the international financial crisis. That was not Labour's fault. When Conservative Members suggest, "Oh, well, we should have had more regulation", they seem to forget that when we created the Financial Services Authority to introduce more regulation, they said they wanted self-regulation and complained about red tape. In fact, it would have been much worse had it not been for the Labour Government. Furthermore, that regulatory hole in the armoury was commonplace across the globe. That is why Governments in Greece, America, Spain and elsewhere have had problems dealing with the financial deficits they inherited. Obviously, we were more vulnerable to sub-prime debt, as we know because the financial sector is larger in Britain.

Let us get away from the myths about why we have the deficit and deal with the challenge of how to get rid of it. We get rid of it by striking a proper balance between growth, making savings over time and ensuring that the bankers pay their fair share. It is convenient for the Conservatives to say that there is only one way of achieving the task. Instead of having a balanced approach to maximising growth, making the bankers pay their fair share and making credible savings that are realistic over time and would halve the deficit in four years, Conservative Members say, "No. We don't want to halve the deficit in four years; we want to get rid of it in four years, and we do not want to use growth or involve the bankers. The bankers are our mates after all, so they can have some more money. What we will do is make the cuts twice as fast in just one way—through savaging public sector jobs and services."

Then, remarkably, growth starts to recede so that the sums no longer add up, as there is obviously an interrelationship between private sector growth and public sector funding. Thus they suddenly realise that they have to do something about growth. The amendment is about recognising that the centrepiece of macro-economic planning and fiscal responsibility is growth. It is all very well for the Minister to say, "Oh well, the OBR will have absolute discretion; it can look at growth if it likes, but if it doesn't want to, it doesn't have to." That is the problem; its eye is off the ball. We need to get the finances in proper balance without destroying communities, which is what Labour Members stand for.

Stewart Hosie: If I may take the hon. Gentleman back, he mentioned Greece and banking regulation. Can he explain to the House how the failure of Greek banking regulation had anything to do with the sovereign debt crisis, and what on earth the amendment, which is about a growth mandate, has to do with that?

Geraint Davies: I will try and speak more slowly. My point was that the international financial crisis affected all countries' debt, not least that of Greece. Obviously, it has its own banking system, underneath the European Central Bank. There was a common cause for many of the deficit problems around the globe. It was not uniquely Labour's fault, as the Government make out. The amendment seeks to clarify the factors that are generating the fiscal future, including growth.

Justine Greening: The hon. Gentleman keeps talking about the deficit as though it was something that descended upon us. The bottom line is that the UK had a structural deficit. That means that his Government were spending more money on public services than was being generated in taxation, even in the good years, so we were never going to be in a position to start paying off any of our debts, which is why the markets got so concerned about continuing to lend to us. That is a structural deficit, and it is a fact, even if the shadow Chancellor will not accept it, and that is why we have to have a deficit reduction plan in place.

Mr Deputy Speaker (Mr Nigel Evans): Order. This is a fascinating debate, but not for today. If we could get back to the specifics of the amendments before us, perhaps we could make some progress.

Geraint Davies: I am grateful for your advice, Mr Deputy Speaker, and for the Minister's intervention. In a way, her intervention makes the case for having growth at the centre of the OBR. I am sure that when she reads her words, which I appreciate were spoken with some emotion and anger, she will wish that she had picked them more carefully.

When we look at the facts and strip out the impact of the international financial crisis, which is about £84 billion in terms of our structural deficit, there was a residual deficit, to which the hon. Lady refers. There was an excess of expenditure over income, but that was taken into account in future planning. There was a savings plan from the previous Chancellor, as she knows, to cut

[Geraint Davies]

the deficit in half in four years. That was not exclusively reliant on cutting public services and jobs. Rather, it relied on stimulating growth.

The OBR's estimates of growth have been downgraded. Those higher levels—2.6%—would have provided more fuel to get the deficit down. I recall that the projected deficit in the pre-Budget report was £30 billion less than had been predicted previously. In other words, growth had been occurring faster than was thought. Now it is growing less fast—in fact, it is growing negatively.

Justine Greening: Just on the off-chance, I wonder whether the hon. Gentleman would be able to set out what the £14 billion of cuts were that his party was planning to start in April.

Mr Deputy Speaker (Mr Nigel Evans): Order. We are going much wider than the amendments. Could we please confine our comments from now on to the amendments before us?

Geraint Davies: The point I was making before I was distracted was why there should be growth in the OBR. What were the previous Government's plans to get the deficit down? That is what the hon. Lady asked. It is important to recognise that the plans that we had were largely growth plans, which will now not be taken up. I shall give one simple example.

The Government said, "We'll cut some expenditure. We'll cut the regional development agencies." So there I was, going to speak to UK Trade and Industry which, as Members know, is the marketing operation for Britain abroad, about encouraging inward investment and trade with foreign countries. I was talking to UKTI in Germany, as it happens—

Chris Ruane (Vale of Clwyd) (Lab): In German?

Geraint Davies: No, in Welsh. I was in Dusseldorf, talking on behalf of the Welsh Affairs Committee. This is relevant, Mr Deputy Speaker. UKTI had been marketing Britain, and various German companies had been saying, for example, "We want to invest in a food and drinks factory. We want these skills and this site, and ideally these grants and these communications." That would have been put on a computer platform and pulled down by regional development agencies to encourage inward investment. I asked what was happening now, and was told, "All these bids are coming forward for creating jobs in the UK, and the RDAs are not pulling them down because they have been abolished."

That is a simple example of how the cuts in administration and red tape are stopping quality jobs being created in Britain. The cuts undermine growth and are false economics. To answer the question about where we would cut the deficit, Labour would reduce the deficit by encouraging growth and jobs. I was talking to a business man last week in Swansea. He said, "I run a business. Why are the Government always talking about cuts? If I was making a loss and wanted to cut my costs, I would not sell my tools. Yes, I'd keep my costs down, but I'd invest in sales." The Government's position is like paying off the mortgage by selling the furniture, rather than getting a job. That is ludicrous.

That is why growth as the centrepiece of the Office for Budget Responsibility is so important. To release the entrepreneurial spirit and focus it on export-driven growth is the primary aim of Labour, but not of Government Members, who have let down business.

Stewart Hosie: I am trying to understand the amendment. To have a growth mandate in the OBR would have allowed it to explain precisely where the £57 billion of cuts every year under Labour from 2013-14 onwards would have come from. Is that correct? The growth mandate would have explained where the £57 billion of fiscal consolidation would have come from. Is that correct?

Geraint Davies: I really am speaking too fast, aren't I?

Chris Ruane: No. The hon. Member for Dundee East (Stewart Hosie) is listening too slowly.

Geraint Davies: There was never any suggestion that the OBR could miraculously conjure up the optimum strategy, which has not even been launched by the Opposition, to solve the deficit problem more effectively. The Government are struggling with a one-string bow. They said, "We'll get the deficit down by sacking everyone quickly," forgetting that that would grind growth into the ground. We need to evaluate the changes in policy and particularly cuts in growth-creating capacity.

The problem might not be RDAs. It might be that we are undermining the capacity of our universities to ensure that the most able students are not deterred from going and that they become future growth generators and entrepreneurs. It might be the failure to provide connectivity between industry and universities to ensure that good ideas are commercialised and that there are opportunities for clusters of SMEs around universities. There are lots of ideas that can be calibrated for their impact on the public accounts. This move is an attempt to refocus all our minds on the importance of engines for growth, instead of cutting the legs away from the players.

Stephen Williams: Given that the hon. Gentleman wants growth-led manufacturing and university clusters, does he welcome the announcement made last week by the Business Secretary and the Deputy Prime Minister of technology and innovation centres around the country, including the composites centre in Bristol?

Geraint Davies *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. We seem to be skiing off-piste every time there is an intervention and trying to tempt Mr Davies on to territory that is not relevant to the amendment.

6.30 pm

Geraint Davies: I am grateful for your guidance, Mr Deputy Speaker, because I would not want to be tempted in the least. I will resist temptation.

The focus of the amendment is very much on the important area of growth. As I have mentioned, the important opportunity is to refocus our entrepreneurial activity on export-driven growth. For example, in the Budget tomorrow the Chancellor might announce tax

breaks for investment in small and medium-sized enterprises, which I would welcome. I do not think that he will, because he does not particularly care about SMEs; he will just say something about not giving mothers and fathers rights to see their children. The fact is that, with regard to the engines of growth, the liquidity has been taken out by the banks, which are just rebalancing their balance sheets. They should be pressurised into providing the fuel to allow the entrepreneurial engine to move forward, because so many companies have full balance sheets but no cash flow because the banks are letting them down.

It would also be a good idea to have a tax break for investment in SMEs in order to push things forward, as that way people could put in their own money and it would produce a better rate of return from the point of view of the business and venture capitalists. I do not think for one moment that the Chancellor will announce such a tax break—he does not have the imagination—but if he did, that could be factored into the growth figures for the OBR, because obviously the money we would spend on the tax break would be recovered from business growth, particularly if it was targeted at export-driven, high-quality manufacturing.

Andrew Bridgen: Will the hon. Gentleman give way?

Geraint Davies: I will give way to the man with the badge.

Andrew Bridgen: Does the hon. Gentleman believe that the OBR, had it existed before the financial crisis, would have been able to tell the previous Government that much of the growth they were claiming was actually a mirage? That growth was driven by a Government who were spending more than they were gaining in taxes and so creating a deficit. To pick up on a point made by the hon. Member for Bassetlaw (John Mann), they were also exporting manufacturing jobs to the far east and importing cheap goods, which was having a deflationary effect on our economy, allowing interest rates to be kept artificially low and feeding a housing bubble that was getting ever bigger. When it burst, that was when it all happened.

Geraint Davies: I am glad that the hon. Gentleman is wearing a badge saying that he has a GCSE in economics, but I doubt it.

On a serious point, I have already accepted that prior to the financial crisis there was a marginal deficit to be confronted, and it was going to be confronted through growth initiatives. We have since had the financial crisis, and the important thing now is to move forward with ideas for investing in growth. Clearly, there are big questions on tax and spend and where those will be deployed. Many new ideas might emerge in the Budget, such as a windfall tax on the energy giants, whose profit margins have suddenly increased by 38% because they did not adjust their prices when costs changed and so ripped off Britain's consumers. That is obviously a legacy of the previous Conservative Government's privatisation and the lack of controls.

There is money available to invest in growth and services and to close the deficit gap. The point about the amendment is that we must put growth centre stage, as that will enable us to move forward in a balanced way, rather than in the narrowly defined way that the Government prescribe. With those thoughts, I will give other Members the chance to make their own unique contributions.

Chris Evans (Islwyn) (Lab/Co-op): After the epic speeches from my hon. Friends the Members for Bassetlaw (John Mann), for Swansea West (Geraint Davies) and for Edinburgh South (Ian Murray), I will keep my comments succinct and tight, and I will try to keep to the amendment.

The most important thing about the amendment is that growth is key and that there must be some plan for growth. It is all very well saying, as many Members have, that there is no plan B, but it seems to me that there is no plan A. There is no rationale for a plan A or a plan B. It is important to know what that rationale will be. We need to know how the Government reach their decisions.

I am going to say something quite shocking: I do not believe that the majority of people in this country care about the deficit. Government Members can call me a deficit denier all they want, but I believe that when people are sitting around their kitchen tables at night they are most concerned about their jobs, their borrowing, their mortgages and their houses. That is what keeps them awake at night, not the deficit. Yes, the deficit is important.

Mr Marcus Jones (Nuneaton) (Con): Does the hon. Gentleman think that people such as me who are parents of young children do not worry about the deficit and the legacy that the Labour Government left their children and mine?

Chris Evans: If I was in the hon. Gentleman's position, I would be more worried about whether I will have a job in four or five years' time. That is what most people are concerned about, but they are concerned about what will happen in six month's time—

Mr Deputy Speaker (Mr Nigel Evans): Order. I will tell Members what I am concerned about: no one is talking to the specific amendments before us. If it is at all possible for you, Mr Evans, to mention the amendments now and again, that really would be very useful.

Chris Evans: Thank you for your advice, Mr Deputy Speaker—I have not been here very long.

Getting back to the amendment, it is important that we have the rationale for growth and know how the Government reach their decisions. We cannot talk about this in the microcosm of a dry subject of forecasts. We cannot debate forecasts in this House; we can only debate judgments on how the Government arrive at those policies.

Geraint Davies: The hon. Member for Nuneaton (Mr Jones) mentioned his children. Surely the important point about growth and the amendment is that if we invest in his children, in their education and in the opportunity to go cost-effectively to university, to add value and to promote future growth, that is the future they can look forward to. That is why his children are probably a bit disappointed that he supported the increase in tuition fees. Let us have growth.

Chris Evans: I totally agree. If I may digress a little from the amendment, it is all very well paying off the deficit, but if there is no economy at the end of it we can forget about it all and worry about all our futures. I have tried to keep my comments brief and say in closing that I support the amendment because we need to know how the Government arrive at their decisions so that this House can properly scrutinise them.

Justine Greening: I am pleased to have the opportunity finally to respond to some of the points that have been made and to the amendments that have been tabled. It is important to say first that I very much welcome the contribution that Members not only in this House but in the other place have made to get the Bill to its current stage. Despite the debate we have had on growth, which of course is important, I think that there is broad support across the Chamber, as there was in the other place, for what the OBR is intended to do and for setting up such an office that can work effectively.

All the amendments relate to growth, so perhaps we have stared the debate that will no doubt continue tomorrow after the Budget. We believe that economic growth and job creation are absolutely vital, and Members will see tomorrow that that is a core part of the Budget. I agree with many of the comments that have been made about why we need to see growth as part of the Budget. I want to take the time to clarify some points that have been raised.

The debate so far has been about policy and strategy, but the OBR is not a policy-making body; it is there is look at the forecasting and produce the official forecast for the UK Government. It is precisely not intended to make policy. One of the things we have been very careful to do in setting out how the clauses and the charter work is ensure that the OBR's independence, impartiality and transparency, which are also vital, are not compromised.

Geraint Davies: Having said that, will the hon. Lady accept that some of the OBR's responsibility should be to forecast what it regards as the impact of policy changes from the Chancellor? For example, if he was to announce suddenly that he will let the private sector deliver public services so that entrepreneurial capacity will be taken out of export-driven growth and put into making easy money out of monopoly-provided public services, would it not be right for the OBR to say, "Hold on, that capacity has gone over there so our growth will go down"?

Justine Greening: I hope I can provide some clarification. The OBR has the freedom to consider the impact of policies on sustainable public finances, including employment policies. If the hon. Gentleman looks at some of the forecasts the OBR has already made, he will see forecasts for employment, average earnings, ILO unemployment, the percentage of the claimant count and, of course, growth. Hon. Members talked about the OBR's assessment of growth and what it will show over the coming years. The OBR is already producing an awful lot of the analysis that hon. Members want to see, but it is fair to say that today's debate will—I hope—be of interest to the OBR in understanding what information and analysis it might feel it needs to provide to convey what it wants to, which is some assessment of the economic growth forecast for this country.

Let us be clear that the duty of the OBR is very clear and is set out in clause 4. It should examine and report on the sustainability of public finances but, as hon. Members have said, Government policy clearly impacts on that. By definition, the OBR will consider how policy impacts on the sustainability of public finances.

John Mann: From what the Minister is saying, I presume that if the OBR—or even the Treasury Committee, but the OBR in particular—were to say that it was unable to provide the analysis that it would like to because it was not sufficiently resourced, that would be seen as a serious question for the Government to address.

Justine Greening: The hon. Gentleman will be aware through his role as a member of the Treasury Committee that when the chair of the OBR, Robert Chote, was asked whether he felt it was sufficiently resourced he said he felt it was. The hon. Gentleman will also be aware that one reason we have carved out sufficient money not just for this year but for the whole spending review period, which will be reported on separately, is to ensure that the OBR understands that it is sufficiently resourced not just for this year but for the years ahead, so that it has that certainty about its resource base to do the work it needs to do.

John Mann: That is a vital point, because Robert Chote was speaking as the first permanent employee. Others are now employed by the OBR who might have different perspectives and priorities. There is a critical question: if the OBR feels restrained by resources, will that become a politically contentious issue as regards objective statistics? Presumably, in such a case, if the OBR was kicking up about being unable to provide the detail in independent statistics, the Government would regard it as vital to address that resource need.

Justine Greening: I can go back to the reply I just gave the hon. Gentleman. The charter and the Bill clearly set out the OBR's duties and Sir Alan Budd, as the interim chair, produced his report and talked about what he thought that the duties of the OBR should be, about its resourcing and about how it should be run. Of course, we reflected many of those comments as we introduced this Bill to set up the OBR. If we take that together with the fact that the permanent chair, Robert Chote, has said that he does not feel that there will be an issue with resourcing, we can be relatively confident that the OBR will be adequately resourced to fulfil the duties clearly set out in the Bill.

Let me turn briefly to the amendments. They all concern growth and the problem is that they start to stray into the OBR's becoming bound up in policy rather than analysis. Amendment 1 would require the charter to include the Government's economic policy objectives and the means by which that objective would be attained—what has been called a growth mandate. The charter, however, is a fiscal policy document that transparently sets out the fiscal policy framework. The purpose of the charter, the OBR and the Bill is to create the fiscal policy framework that supports the Government's delivery of our fiscal policy objectives. Rightly, the charter focuses on fiscal policy issues, as was the case with the previous Government's code for fiscal stability.

6.45 pm

The charter quite rightly does not seek to cover all the Government's economic policy issues. If it did, it would need to cover a wide set of issues, including monetary policy, financial stability policies and micro-economic policies. All those areas would require detailed consideration and the charter is not the right place for that, as it is not the Government's overall economic policy framework.

The Government's fiscal objectives and mandate have an economic rationale, but they support the overall economic objective alongside other tools and frameworks. As we will see tomorrow in the Budget, the policies we will announce to stimulate growth, jobs and enterprise are another part of the economic policy that we as a Government want to have in place to ensure that we can rebalance the economy on a more sustainable footing and to sort out our public finances.

Amendment 3 would create an additional requirement on the OBR specifically to examine and report on the impact of Treasury policy on jobs and economic growth. That point was made by the hon. Member for Swansea West (Geraint Davies) but, as I have said, the OBR is already free to consider those impacts. If hon. Members look at the forecasting work that the OBR has done on Government policy, they will see that those are precisely the things that the OBR agrees it is important to consider.

As I pointed out in an intervention, the OBR's "Economic and fiscal outlook", published in November of last year, devoted 50 pages to considering economic forecast issues. Specifically, it considered in detail the prospects for economic growth and employment under current Government policy. Moreover, it set out the detail of its central forecast, including GDP, inflation and employment and each forecast included the impact of all relevant Government policy. The OBR is already producing considerable analysis of the impact of Government policy on growth and employment, including under alternative economic scenarios.

That is not all happening by chance. For the OBR to be able to consider the sustainability of the public finances, it must have a detailed understanding of the economy and the impact that policy has on the economy today and in the future. That work and the points raised by many hon. Members about how Government policy will feed through into economic impact will always be at the heart of what the OBR does.

Geraint Davies: In conversation with the Institute for Fiscal Studies, I asked various questions about growth and its calculations and it was pointed out to me that the IFS was in essence made up of micro-economists who were aggregating up to deliver predictions about Government fiscal outputs. I respect what the hon. Lady is saying, but it seems to me that she is basically saying that the OBR will be doing something very similar. It is very easy to make such predictions if we say, "Assuming that everybody is still employed, that we have taxed them this and that they spend that, this will happen." What is more difficult is to model the impact of individual policies in a Budget on growth and hence on the public finances. The hon. Lady is giving us some reassurances, but I think the point of our amendment was to push her to say that this would become a priority for the OBR so that we could have a richer understanding of the growth scenarios in the future. I appreciate that some of that is done, but we want more.

Justine Greening: Ultimately, a key clause—I think clause 5—sets out that it is at the OBR's discretion to decide how to carry out its duty. A fundamental building block of the OBR's credibility is its independence. I assure the hon. Gentleman that the risks he mentions, such as the concern that the OBR might not carry out robust analysis, are mitigated by other safeguards in the Bill. For example, one duty of the OBR will be to produce a report on the accuracy and robustness of its forecasting. As he will be aware, there are also non-executive directors who will be there on a day-to-day basis to challenge how effectively the OBR works and every five years, at a minimum, there will have to be a completely external peer review of the OBR's workings.

I think we have managed to strike a balance by setting up the OBR in the way I have described—on the one hand by giving it independence, so it has that key element of credibility, and on the other by including some safeguards, in terms of its structure, its management and the review, so that, if for some reason it does not produce the quality of forecast that we need, those safeguards will be in place to ensure that we tackle the issue. Let us not forget that the OBR is accountable not just to Parliament, but to the Chancellor, because it produces the official forecasts.

Finally, amendment 4 suggests another new related role for the OBR, which as we have heard would be to assess the Government's growth mandate. As I said in response to amendment 1, the Government seek to achieve their economic policy objectives through a range of policy tools and frameworks, not just through fiscal policy, but the OBR has been established to increase the credibility of the Government's economic and fiscal forecasts and to hold the Government to account for their economic and fiscal policies.

That highly valuable role is recognised by a wide range of domestic and international commentators. The hon. Member for Swansea West mentioned the Institute for Fiscal Studies, and it warmly welcomed the establishment of the OBR, which, through its role, has already provided forecasts of key economic variables. In its November report, the OBR set out forecasts for the next five years, covering a range of key macro-economic variables, such as GDP and its forecast growth, inflation, employment, average earnings, unemployment and the output gap. In addition, the OBR will have the freedom to consider the impact of Government policy on economic growth and employment within our regions and nations, and in line with its main duty. I therefore consider all the amendments to be unnecessary, and I hope I have addressed the issues that hon. Members have raised.

Mr Cash: I do not want to put my hon. Friend on the spot, but I am troubled by a motion that the Government tabled in relation to a European document. I have an idea that they did not really mean to do so, but I just want to make the situation completely clear. The motion said that the Government and the House of Commons were only primarily responsible for fiscal matters and direct taxation. Will the Minister be kind enough to get that out of the way, so that we might now know that they are exclusively and solely, not merely primarily, responsible?

Justine Greening: I do remember the motion to which my hon. Friend refers. We were trying to be very clear, as he will be aware, and no doubt deeply unhappy, that some aspects of our fiscal and taxation system—for example, VAT—are set in relation to a broader pan-European directive. As we have discovered, that is one reason why the Opposition's policy on reducing VAT on fuel alone is simply illegal, and I hope I can reassure him that we were trying to be very clear that it is primarily the UK Parliament that takes those decisions.

Perhaps I can reassure the rest of the House that growth is already an integral part of this Government's approach to turning around our country's public finances and economic fortunes. I understand why the amendments have been tabled, but they are unnecessary.

Chris Leslie: I am grateful to the Minister for her generosity in at least admitting that our debate and amendments will be of interest to the Office for Budget Responsibility. Indeed, I hope that is the case. We have tried our best on many occasions, and my hon. Friends the Members for Bassetlaw (John Mann), for Swansea West (Geraint Davies), for Edinburgh South (Ian Murray) and for Islwyn (Chris Evans) in particular have in plain terms tried to impress upon the Treasury Minister our anxiety that the Chancellor, in his blinkered obsession with hasty deficit reduction, risks harming the wider society and economy, particularly when it comes to jobs and economic growth. We have said that on several occasions, and it was important to reiterate the point today.

I understand, however, that the Minister has explained that the implied terms of the Bill do, indeed, allow for the OBR to focus on economic growth and employment matters. The Opposition hope that the OBR, at least, will do so, even if there is a deficiency in the Government's strategy on the matter. We will no doubt debate those questions more, in terms of substantive policies, over the coming days.

The Opposition feel that fiscal policy cannot be looked at in isolation from economic growth, because the two are inextricably linked, and we will continue to make that point, even if Ministers seek to separate them. For the time being, however, I do not feel it appropriate to push the amendment to a vote, so I am happy to withdraw it. I think the Minister has heard the point. My hon. Friend the Member for Bassetlaw has accused me of tabling pro-Government amendments, and for that reason alone I should take them off the Table, given that we have other matters that the House will want to consider on Report. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 2

Annual Budget documents

Chris Leslie: I beg to move amendment 2, page 2, line 14, at end add—

'(5) The Treasury must place in the House of Commons Library the costing methods and assumptions underpinning all revenue implications and projections of each Budget announcement.'.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to discuss amendment 6, in clause 8, page 3, line 29, at end insert 'subsequently'.

May I remind the House that by contrast with the amendments in the previous group, which were very narrow, these amendments are very, very, very narrow? I do not want Members to consider that a challenge to see how long they can make a speech on the amendments. May I also remind the House that we have several days ahead of us when we will be able to talk about the economy, growth, jobs, taxation—and they start tomorrow?

Chris Leslie: It is early, Mr Deputy Speaker, but I understand your point about the ticking clock.

Amendment 2 seeks to require the Treasury to place in the Library the costing methods, models and assumptions that underpin all the revenue projections, implications, yield estimates and so forth from each Budget announcement. Hon. Members will know that the Red Book produced at each Budget contains a number of costing projections, and there is always a fantastic table somewhere towards the end of the document which gives a sense of the revenue gains or losses, depending on each tax or public spending measure in the Budget.

In Committee, it became clear that the Office for Budget Responsibility will have the right to gain some insight into the detailed methodologies that the Treasury uses to underpin the assumptions and costings. The methodologies are therefore publishable, because they can be transferred to the OBR, and all that amendment 2 seeks to do is to share them with the wider world, and in particular with Parliament, because if hon. Members are to scrutinise effectively the assumptions on which the Chancellor makes various decisions, the methodologies and costings used to underpin those calculations should be transparent.

In order to support full and proper scrutiny, and to ensure that we can debate those Budget decisions effectively, we think it a reasonable request that the Treasury should place those costings and methodologies in the Library. It would be inconsistent, given the Prime Minister's protestations about

"a new generation that understands and believes in openness, transparency, accountability",

for those models not to be in the public domain. We should not have to rely on freedom of information requests to elicit such information from the Treasury; if the OBR has it, so should Parliament. The amendment is very simple, and we should not simply have to have faith to trust the Chancellor's judgments. If we are to have such transparency, we should all be able to see right through to the methodologies, and perhaps to challenge and test them.

Amendment 6, on a different matter, seeks to ensure that the OBR, when it does publish its reports, gives those changes to Parliament first. If hon. Members look in the Bill, they will see a simple clause that states:

"The Office must—

publish the report,
lay it before Parliament, and
send a copy of it"—

I am not sure whether it is to be sent first class—

"to the Treasury."

All our amendment seeks to do is to place the word "subsequently" after the words "Parliament, and". In other words, Parliament should have those reports first and the Treasury should get them subsequently—although I do not particularly mind if it gets them at the same time.

7 pm

If we are in an era when the Office for Budget Responsibility is truly impartial and does not help one political party, or the governing party of the day, more than it would the Opposition, I am sure that we could come to some arrangement whereby the official Opposition would happily respect any market-sensitive data contained within the OBR reports—but we should have access to them at the same time. The Chancellor suggested, I think, during his interview with Andrew Marr at the weekend, that he knew what the OBR's growth forecasts would be when it downgraded those forecasts. He has days and days to prepare his case and the Budget, but of course the rest of Parliament does not have that time. If the legislature is as important as the Executive—as I believe it is—there is a reasonable case to be made for the legislature to have access to the reports from the independent OBR simultaneously when the Treasury receives them. That is the essential point about amendment 6. The amendments embody two simple requests to help to improve transparency and access for Parliament.

Stewart Hosie: Amendment 2 calls for the OBR's reports to be published. The Treasury Committee said:

"The OBR should have discretion in the models it uses in drawing up its forecasts. It is a matter for the organisation itself as to whether it is content to use is the Treasury models, or wishes to make changes. Whatever course the OBR takes, there would be benefits in it being as transparent as possible about the models it uses."

I assume that that would also include the assumptions that underpin those models. The Government's response was positive. They said that they would

"provide the OBR with full access to Treasury and other forecasting models, as well as support to scrutinise and develop these models."

Again, I assume that that means the assumptions that underpin the Treasury models and whatever other modelling it wishes to undertake. The hon. Member for Nottingham East (Chris Leslie) said that the OBR could take those models and assumptions from the Treasury, and he is absolutely right about that.

The OBR currently publishes a number of assumptions. For example, the impact multipliers were included in the June 2010 report, showing the one-for-one impact of capital expenditure cuts. Reports at the time of the Labour Government published assumptions about oil prices, and North sea corporation tax and petroleum revenue tax was used to calculate those yields. Given that several such assumptions are already published, and that the OBR can take all those assumptions, models and changes and create new ones, does it have the discretion to publish what it sees fit? Would it not be better to have a guarantee from the Minister that it will not unnecessarily withhold assumptions where it is important for us all to have transparency? Instead of the Treasury putting the material in the Library, we should ensure that the OBR has the ability to do that, so that we have the information and can come to a proper, reasoned view on whether we believe its figures.

That is a simple question, and I am sure that the answer is yes; I certainly hope so. There is no reason why we should not have that transparency so that we can all guarantee the efficacy of the reports that the OBR produces.

Justine Greening: On amendment 2, the Government are committed to increasing transparency in public life. That transparency is essential to good fiscal policy, as the hon. Member for Dundee East (Stewart Hosie) said. In fact, the Government already provide the costing methods and assumptions for policy proposals. Those were made available in policy costings documents at the last Budget and spending review, and copies were made available to the House. That is a step change in transparency in fiscal policy making. Specifically in relation to the OBR, the additional transparency referred to in the amendment is already required by the statutory charter for budget responsibility, which says at paragraph 3.9:

"The Budget Report shall provide, at a minimum: an explanation and costing of the impact of all significant fiscal policy measures introduced by the Government since the last Budget and an explanation of the methodology used to cost the fiscal impact of each of those measures".

In relation to the Bill, I draw the hon. Gentleman's attention to clause 4(6), which explicitly refers to the OBR's reports being clear in explaining the factors that it took into account when preparing the report—not only the assumptions that he mentioned but the main risks that it considered to be relevant. So there is a safeguard not only in the charter but in the Bill to ensure that there is transparency about how the official forecasts have been arrived at.

On amendment 6, the OBR is accountable to Parliament in order to enhance Parliament's ability to hold the Government to account for fiscal policy. The OBR's forecasts and analysis will be laid directly before the House. The budget responsibility committee will be appointed with the consent of the Treasury Committee, and will be available for scrutiny. There will be separate reporting to Parliament of the OBR's expenditure, and, as many Members have already discovered, relevant written questions will be answered by the OBR. The OBR is also accountable to the Chancellor, reflecting its role in producing the official forecast, which will form the basis of the Chancellor's Budget decisions.

Herein lies the challenge to Labour Members. The OBR will provide the Government with timely access to the information necessary to reach policy decisions ahead of fiscal policy events. The Treasury Committee recognised that in its report last year, when it said:

"Involvement In the Budget process necessarily involves close contact between the Treasury and the OBR".

Close working also means that the OBR has access to all Government information to ensure that its conclusions reflect the most accurate and up-to-date information. It is therefore right that the OBR provides the Government with pre-release access to its forecast in order to ensure the accuracy of both it and the Budget documents, which are published simultaneously.

It is also right that there is transparency in the approach to the sharing of information. The OBR has chosen to follow the well-established pre-release practices put in place by the Office for National Statistics. I can assure the House that this arrangement does not compromise the OBR's independence. It is an approach

[Justine Greening]

that has worked well for the ONS. The OBR has been transparent about when reports have been shared. It confirmed in its November "Economic and fiscal outlook":

"We have come under no pressure from ministers, advisers or officials to change any of our conclusions."

The OBR's access to Government information distinguishes it from other UK forecasting organisations, and ensures that the Chancellor and Parliament are provided with the most up-to-date information regarding the latest UK economy and public finance figures.

I understand the rationale behind amendment 6. However, given the practicalities of the OBR's accountability to the Chancellor and its role in producing the official forecasts, we feel that it is better for it to act on its own decision to follow the ONS pre-release guidelines. I will resist both amendments.

Chris Leslie: I am getting used to the hon. Lady's resistance to our amendments. One day we will persuade her to accept even the smallest, most generous Opposition amendment, but perhaps not to this Bill.

I understand the points that the hon. Lady made about amendment 2 and costings. I know that there have been attempts to broaden access. If and when we hit obstacles or refusal to publish, we will come back to her to try to get more information into the public domain. However, I accept that she is committed to a particular direction of travel, so we shall not press the amendment.

On amendment 6, the Minister seems to understand that several members of the Public Bill Committee might have hoped for an Office for Budget Responsibility that looked more akin to the Congressional Budget Office or a parliamentary budget office, and was a little bit closer to the legislature and less cosy with the Executive. She knows why we want that. If the OBR places absolute primacy on its independence and impartiality, we must surely move away from any perceived suspicion that it is too close to or cosy with the Executive of the day.

We know that there is due to be a review of the OBR within a number of years. How that review will take place is a bit of a moot point, but we will come to that in due course. The Economic Secretary understands that we will be watching carefully for circumstances in which the OBR is too close to the Chancellor of the Exchequer. It is vital for it to remain distant from, and impartial between, the political parties. It must also have a good dialogue with Parliament.

Those are the important points that we wanted to make, and we know that the OBR will be listening to this debate. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Third Reading

Queen's consent signified.

7.11 pm

Justine Greening: I beg to move, That the Bill be now read the Third time.

As we have heard, this is an important Bill. It puts the new Office for Budget Responsibility on a statutory footing, and puts in place reforms to the corporate governance of the National Audit Office.

As part of a new and enhanced fiscal framework, the OBR is being established to make independent assessments of the public finances and the economy. For the first time the judgments underpinning the official forecast will be determined by independent experts, not Treasury Ministers. Since the coalition was formed last year, every official forecast for the economy and the public finances has been produced by the independent OBR. When the Chancellor presents his Budget tomorrow, it will be accompanied by the OBR's official forecast. The establishment of the OBR has been welcomed by the International Monetary Fund and the OECD.

The main duty of the OBR, as we have heard, is to examine and report on the sustainability of the public finances. The Bill makes it explicit that the OBR has complete discretion over how it carries out its statutory duties. That is a broad remit. It is not limited to forecasting, but the OBR will be required, as a minimum, to produce economic and fiscal forecasts at least twice a year; make an assessment of the likelihood of the Government meeting their fiscal mandate alongside those forecasts; publish a sustainability report at least once a year; and publish a report on the accuracy of its forecasts at least once a year.

The OBR must perform its duty objectively, transparently, impartially and on the basis of Government policy. Those principles will protect independence and ensure that there is a clear separation between analysis and policy making. Analysis is rightly the domain of the OBR, but policy making is the responsibility of publicly elected Ministers.

The charter for budget responsibility will set out further details on the OBR's remit. A full draft was published in November, and a final version will be laid before Parliament once the Bill has come into force. The OBR will report directly to Parliament on the public finances. The budget responsibility committee will be available for Select Committee scrutiny. The OBR's forecasts and analysis will be laid before the House. On funding, there will be separate reporting of the OBR's expenditure in the estimate that the Treasury presents to Parliament. In addition, the OBR will be able to submit an additional memorandum, alongside that of the Treasury. As we have heard, written questions will be passed to the OBR to be responded to. All those measures will enhance the ability of Parliament and the public to hold the Government to account for their fiscal policy.

The OBR will have its own legal identity, and will be a civil service employer, to allow appropriately skilled staff to move easily to and from the OBR. The OBR's executive responsibilities will be led by the three-person budget responsibility committee. Its members will be appointed by the Chancellor, and the Bill provides the Treasury Committee with a veto over their appointment and dismissal. The Chancellor has said that he is giving the Treasury Committee that veto to ensure that there is no doubt that the individuals leading the OBR are independent and have the support and approval of the Treasury Committee. All staff will report to the chair of the OBR, and that person will control the hiring and firing of staff. To provide support and constructive challenge, there will be at least two non-executive members. Advertisements for those members will be issued shortly, so that they can be in place before the summer recess.

Part 2 of the Bill modernises the governance of the National Audit Office. It will strengthen the resilience and integrity of that body, which is best placed to assess

the Government's use of public funds at this time of fiscal constraint. It builds on the recommendations of the all-party Public Accounts Commission's 15th report and has commanded support on all sides of this House. The provisions passed through the House in substantially the same form in the previous Parliament, when they were considered as part of the previous Government's Constitutional Reform and Governance Act 2010, just before the election.

The Bill has benefited from much parliamentary scrutiny. Before it was introduced, the Treasury Committee produced a detailed inquiry into these matters. I am pleased to say that the Bill is very much in line with the recommendations made in that report. I thank the Committee for the interest it has taken. When the Bill was introduced in the other place it received extensive debate. The Government tabled a number of amendments to bolster the OBR's remit and to enhance the arrangements for the scrutiny of its work, which were welcomed.

Finally, the Bill has been debated at length in this House. I thank all hon. Members who have spoken and participated, in particular the Opposition spokesmen, the hon. Members for Bristol East (Kerry McCarthy) and for Nottingham East (Chris Leslie). I hope that hon. Members will agree that even though we have not reached a meeting of minds on some of the detail, there is much more on which we agree in principle.

The Bill is a key part of the Government's fiscal reforms. It will provide an independent assessment of the public finances and the economy, with official forecasts from independent experts, not Treasury Ministers. The Bill will provide a strong institutional foundation for the future through the OBR, and I commend it to the House.

7.16 pm

Kerry McCarthy (Bristol East) (Lab): The Opposition support the Bill. It has been debated at length in the other place and in this House on Second Reading, in Committee and—perhaps at greater length than some of us anticipated—on Report today.

Not much has been said during the passage of the Bill about part 2, which relates to the National Audit Office. That is not least because it implements the measures that were introduced in the Constitutional Reform and Governance Act 2010. It is fair to say that there is widespread agreement on part 2.

As was clear in previous proceedings, there is similarly common agreement on the creation of the Office for Budget Responsibility and on placing it on a statutory footing. We did, however, table a number of amendments in Committee to challenge some of the details of how the OBR will function, as one would expect from the Opposition. In particular, we addressed the concern that has been expressed inside and outside this House that the OBR may not turn out to be sufficiently independent from the Government. For the public to have confidence in the OBR, it has to be seen to be independent. That is why we proposed measures that would have made it more accountable to the House and measures that would have increased the role of the Treasury Committee. We also wanted to ensure that the division between the Treasury and the OBR in terms of staffing and premises was enshrined in law. We are grateful for the assurances that the Economic Secretary gave in Committee on those points. We also welcome her promise that substantive details of the contact between OBR staff and the Minister's special advisers and private office staff will be published.

We were also concerned about the potential overlap between the OBR's responsibilities and the Bank of England's economic forecasts. We therefore proposed that the Bill provide for a memorandum of understanding to ensure that there was clarity from the outset for all parties. I urge the Economic Secretary to ensure that the memorandum is subject to proper scrutiny in this House. I hope that the OBR and the Bank of England will in time formally agree their working relationship.

We consider that a crucial way to secure the independence of the OBR is to ensure transparency in its funding so that the budget responsibility committee is not at the mercy of the Treasury and vulnerable to the whim of the Chancellor. Comparisons with other countries were made earlier. In Canada, the Parliamentary Budget Officer published two critical reports of the Government in its first year. It is difficult to divorce that from the fact that its budget was frozen, despite promises that it would be increased by a third. Some people would say that that was not a coincidence.

Likewise, Sweden has a similar organisation to the OBR in its Fiscal Policy Council, which reported that its resources were not sufficient to enable it to carry out its remit properly. In response, the Minister for Finance suggested that the council's budget be cut. We obviously want to avoid a situation like that, and we have received assurances from the Economic Secretary that the OBR's funding is secure for the next five years. We very much welcome that.

Much of the OBR's decisions and remit will be based on the charter, so it is disappointing that we have not had the opportunity to scrutinise the revised charter today alongside the Bill given that it is so central to the OBR. The Economic Secretary has assured us that it will be published promptly after Royal Assent, which we expect in no time at all, so we look forward to a full debate on the charter in the Chamber before too long.

Although we support the principle of the OBR and the Bill, we have reservations about how the OBR will work in practice. A major concern is the Treasury's insular conception of economic policy and sustainability, which seemingly allows it to focus narrowly on the deficit and to ignore the consequences of its own policies. Rising unemployment, rising inflation, as seen in today's figures, and falling growth are not sustainable and cannot be ignored, so we hoped that the Government would allow the OBR the latitude to take into account those crucial determinants for the long-term recovery, even if the Treasury will not. Unfortunately our amendments were rejected, so we could not enshrine that in the Bill, but we hope that a truly independent OBR will include those matters in its remit. The House may well return to the definition of "sustainability" and the issue of intergenerational fairness when we come to debate the revised charter.

During Labour's last Budget, the present Prime Minister was fond of claiming that our growth forecasts did not match those of the independent experts. In fact, they were consistently much more reliable than he made out. He concluded:

> "What we need is a proper independent office of Budget responsibility, which we would set up to set independent forecasts and to keep the Chancellor honest."—[*Official Report*, 24 March 2010; Vol. 508, c. 268.]

[Kerry McCarthy]

I agree with the present Prime Minister, for once, about the need for that, but as is so often the case, the reality does not match his rhetoric. Now we have the OBR, but its independence has been undermined by the release of favourable figures in time for a recent Prime Minister's Question Time.

Moreover, the British Chambers of Commerce has described the OBR's growth forecasts as "too optimistic", and despite the Prime Minister's concern that official forecasts should match those of independent experts, it seems that other independent experts disagree with the Government's independent experts. In February, the consensus forecast for 2011 was 1.9% growth, which was downgraded to 1.8% in March, whereas the OBR forecast was a more optimistic 2.1%. The discrepancy increases for next year's forecast. The consensus forecast is 2.1%, compared with the OBR figure of 2.6%, which it has already had to downgrade once thanks to the Government's policies.

The differences between the OBR and consensus forecasts could be critical. The Institute for Fiscal Studies, which the Government seem to respect on the occasions when it says anything favourable about their policies, has reported that they will fail to achieve their fiscal mandate to

"achieve cyclically-adjusted current budget balance by the end of the rolling, five-year forecast horizon"

if growth does not meet the OBR's central economic forecast. Whether the Chancellor will achieve his fiscal mandate is clearly in the balance, and although he may use the OBR figures, it would be a great mistake if we held the OBR responsible for whether he fulfils that mandate. Only the Treasury can determine that.

Fundamentally, and finally, we have to remember that the Bill places no enforceable obligations on the Chancellor for responsible fiscal policy. The OBR can report on the state of the economy, and its analysis will no doubt be very valuable, provided it is genuinely independent. However, the Government already have a track record of ignoring expert advice and indisputable evidence that their policies are failing.

The British Medical Association and almost every health organisation that we care to think of warned against the Health Secretary's reckless experiment with the national health service, but with the Prime Minister's full backing, he ignored the evidence and carried on regardless. The IFS published independent research proving that the Government's June Budget and comprehensive spending review would disproportionately hurt women and children and the most vulnerable people in our big society, but the Chancellor ignored the evidence and carried on regardless.

The Office for National Statistics reported that unemployment had reached a 17-year high and that youth unemployment was at its highest level ever, and the OBR itself reported that the Tory-Liberal Democrat plans would mean 110,000 more people on the dole by the end of this Parliament, but did the Chancellor and the Secretary of State for Work and Pensions review their policies in the light of that evidence? No, they ignored the evidence and carried on regardless.

The OBR downgraded growth forecasts after the coalition's emergency Budget, and again as a result of its comprehensive spending review, and the economy contracted by 0.6% in the last quarter of 2010, proving that the Government's policies had undermined the economic recovery, but the Chancellor ignored the evidence and *blamed it on the snow. The question for the House* is whether we can do enough to secure the status of the OBR so that ideologically driven Ministers cannot just disregard its reports.

Matthew Hancock (West Suffolk) (Con): Will the hon. Lady give way?

Kerry McCarthy: No, I am just drawing to a close.

I urge the Minister to ensure that the principles of objectivity, transparency and impartiality are respected, particularly when she lays the revised charter before the House. Most importantly, we seek assurances that Ministers will actually listen to the evidence provided by the OBR and respond accordingly.

When the Chancellor came to office, unemployment was falling, growth was predicted at 2.3% for this year, inflation was lower and falling, and borrowing had come in £20 billion lower than was forecast in 2009. I do not need to tell the House again how the Chancellor has reversed that recovery, but that is the context in which we must consider the role of the OBR. The office is intended to report on responsibility, but it cannot guarantee responsibility. That is the Chancellor's role, and it is about time he realised it.

7.25 pm

Stephen Williams: This is a short but very important Bill which I hope will change the conduct of economic debates. Of course, we have a Budget and days of economic debate starting tomorrow. I do not know whether the former Prime Minister and Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), is going to be with us in person, but I am sure that his parliamentary ghost will be with us as we remember Budgets from previous years. We remember his earlier Budgets and his close relationship with Prudence, and we remember that after the 2001 general election was safely out of the way, spending soared. So began the structural deficit, long before the intervention of the banking crisis.

I remember listening to those Budgets, autumn statements and pre-Budget reports year after year, both in a professional environment before I became a Member of Parliament and, from 2005, as an MP. I remember listening to the then Chancellor's reports of rosy growth and nirvana ahead of us. We heard a bit more of that today from my neighbour, the hon. Member for Bristol East (Kerry McCarthy). One would swear that the current Government had inherited a golden legacy in May 2010 rather than the catastrophic public finances that we are actually having to cope with.

Mark Tami (Alyn and Deeside) (Lab): Does the hon. Gentleman recall that at the time, the Liberal Democrats were attacking the Government by saying that they were not spending enough, not that they were spending too much?

Stephen Williams: I recall very well that from 2001 onwards I and my colleagues, whether candidates or Members of Parliament, were saying that the Government should spend more on health and education, but we

actually said where the money was going to come from. It may not have been popular, and it did not lead to great electoral success in 2001, but we said it should come from an increase in taxation, not from building up a structural deficit over the next six years.

We all remember the Budgets back then—they were essentially a combination of forecasting, policy, boasting and spin. That is why the OBR is so welcome. In the Budget tomorrow, the Government will take political responsibility for the difficult decisions that we have to make. I welcome that, and I welcome the scrutiny of it. It will be based on a separation of forecasting by independent experts and policy making by elected politicians.

There will certainly be no scope for boasting, and I think it will be some time yet before the coalition Government can take credit for rescuing this country from the dire economic circumstances in which we find ourselves. I cannot promise a complete absence of spin—that would be asking too much of all of us—but we will have a Budget based on independent forecasts and sound political judgment, and it will be a better Budget for that.

7.28 pm

Mr Andrew Tyrie (Chichester) (Con): The Chancellor took a major step by handing responsibility for fiscal forecasting to an independent body, and he took an equally bold step by asking it produce a long-term assessment of the strength of the public finances. He could have opted for a validation model, and instead he has gone for something much more adventurous.

The first inquiry of any significance that the Treasury Committee undertook after it was reformed at the start of this Parliament was on this subject. Rather than wait for the Government to come forward with a draft Bill, we took the initiative and tried to make some suggestions on how we thought it should look. We set eight criteria as minimum requirements for the new body, which for the most part the Government met. I thank the Treasury team for their co-operation in doing what they could to accommodate the Committee's points.

Absolutely crucial to the success of the new body will be its credibility on independence. To achieve that, some new, groundbreaking arrangements have been made in the relationship between parliamentary Committees and the Executive. The Bill establishes a statutory veto for the Treasury Committee over the appointment of the chairman and executive members of the OBR. This is the first time that a Select Committee has been given such a veto over public appointments, which reflects the importance of cross-party parliamentary oversight of the OBR's work, and the need for people of the highest calibre and independence to take on the job of running the OBR.

The Treasury Committee has already held its first appointment hearings for the OBR committee, and endorsed the appointments of Robert Chote, Stephen Nickell and Graham Parker. We also welcomed the appointment of two non-executive members. We were particular eager that there should be non-exec oversight of the work of the executives. The non-execs will provide an important check to ensure that the OBR lives up to its requirement to act transparently, objectively and independently.

Non-execs provide an opportunity for two-way traffic. If the OBR chairman becomes a patsy, they have a good chance of alerting the Treasury Committee at an early stage. If the Chancellor or the Treasury lean on the chairman too much, the non-execs offer a first line of defence. If the OBR chairman gets carried away and starts to offer a running commentary beyond his brief on the overall conduct of fiscal policy, the non-execs, as a first port of call, can say, "Steady on."

The Committee looked carefully at how the OBR's success ought to be measured. Economic forecasting is an imprecise art, and success on that cannot necessarily tell us much. To be seen as successful, the OBR must provide clear, impartial forecasts and a commentary that improves public debate on the key issues. It must guard against optimism and pessimism, and above all, it must avoid being drawn into political controversy. The Treasury Committee will monitor how the OBR fulfils those performance criteria. We will watch carefully and speak up if we feel that the OBR is not doing its job properly.

Of course, ultimately and simply, the OBR will be judged on the quality of its publications and its responsiveness to reasonable requests from Parliament or the Government for information or work. A few weeks ago, I wrote on behalf of the Treasury Committee to the OBR chairman to seek further information on the treatment of privatisation receipts in the accounts. Frankly, I was not encouraged by his reply. These are early days, and I very much hope that there is more responsiveness to future requests.

In two ways, the Government did not fully implement the Treasury Committee's recommendations. The Committee asked that an independent group accountable to Parliament be set up after five years to review the OBR's work. We said that among other things, that group should examine whether the model for the forecasting body chosen by the Chancellor was the right one in the light of experience. To make that judgment, the group would need to examine both the validation model and the much more independent model—the fully independent model—implied by the Congressional Budget Office in the United States. I think, and the Committee concluded, that judging which model is best should be done after a period of experience of the OBR's work, which is why we suggested the five-year review. I urge the Government to agree, on a non-statutory basis, that the five-year review should report directly to Parliament rather than to the Government via the non-executives, as the legislation currently envisages.

One other proposal in the Treasury Committee report is that the OBR should retain the ability to assess the robustness of the fiscal plans of major political parties in the run-up to an election. That would enhance the quality of debate and take us forward from the world of claim and counter-claim on Labour tax bombshells and Tory stealth cuts and so on, which often leave the public perplexed and do not necessarily move the debate forward much. Although the Bill does not rule that out, it strongly discourages such a role.

I understand the OBR's reluctance to get involved in anything that could prejudice its appearance of independence, but I hope the door is not completely closed to the idea. Public understanding of what is at stake in elections could be enhanced by the OBR's involvement. Furthermore, the need for such scrutiny

[Mr Andrew Tyrie]

might make parties more careful with their claims and improve their pre-election proposals. I hope we can return to that idea when the OBR's reputation for independence has been firmly established after a run of years—that could also form part of the five-year review to which I alluded.

Overall, the Treasury Committee was greatly heartened by the degree of engagement from the Government and from the Opposition over the creation of the OBR. That demonstrates that the Select Committee corridor can influence policy rather than just offer critiques of it, which I hope marks a way ahead for improving legislation more widely.

Question put and agreed to.

Bill accordingly read the Third time and passed, with an amendment.

PETITION

Sentencing Guidelines (Manslaughter)

7.36 pm

Mark Tami (Alyn and Deeside) (Lab): The petition is of residents of Alyn and Deeside and neighbouring areas, totalling some 3,000 persons.

The petition states:

The Petition of residents of Alyn and Deeside,

Declares that Peter Jones, a 24-year-old former pupil of Alun School, Mold, died in hospital following an attack by Gafyn Thomas Denman, 21, who is from the Mold area; notes that Gafyn Thomas Denman was found guilty of manslaughter and was jailed for 40 months for an unprovoked attack; further notes that, at the time of sentencing, Judge Merfyn Hughes QC explained that his hands were tied by the sentencing guidelines in cases of "one-punch" manslaughter such as this.

The Petitioners therefore request that the House of Commons urges the Government to review sentencing guidelines for those convicted of manslaughter so that sentences can better reflect the severity of the offence.

And the Petitioners remain, etc.

[P000905]

Driving Test Centres (Closure)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

7.37 pm

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): I am very pleased to have secured this important debate on behalf of my constituents in Cumnock and Girvan. I will shortly present to the House a petition signed by thousands of local people who are against the closure of driving test centres there. A pattern is being repeated throughout the length and breadth of the country, with dozens of closures over the last two years. Many closures have happened without any consultation with those directly affected or the local community. As many hon. Members have said, including those who signed early-day motion 1294, which is in the name of the hon. Member for Angus (Mr Weir), such closures are against the Government's own policy of localism.

The overall policy of the Driving Standards Agency has national implications. The proposed closure of the Cardiff office will involve a loss of 70 to 80 jobs. Union members in the DSA already have very low morale resulting from pay restraint, and attacks on redundancy terms and possibly pensions. There is now a commitment to strike action following a ballot of union members. Are the closures driven by a rationalisation programme, which is referred to in documents that, I believe, have been leaked into the public domain? Those documents mention a wish to move from 350 to 400 current testing locations, not all of which are full time, to about 150 main centres. Alternatively, does the rationalisation of test centres into a network of multi-purpose test centres make a more attractive package for a future privatisation?

The Minister's public statements appear to indicate that his plan is to take testing to the customer by sending examiners to casual hire locations to deliver tests. He talks about testing from libraries, community centres and the like, but in many parts of the country these facilities are being closed as well. There are potential problems with, for example, operating out of supermarkets in terms of what facilities may or may not be made available, dedicated parking slots, suitable test routes and whether there would be too much congestion in and around retail parks for the tests to be uniform and fair. Having said that, if this leads to an appetite to revisit the closure decisions in Cumnock and Girvan, I will welcome it, and I intend to raise practical ways in which this could be done.

I would like to concentrate my remarks on the two centres in my constituency and the resultant loss of local service. Both are in rural areas, both are only too familiar with the never-ending withdrawal of local services and both have suffered from structural changes. In Cumnock, the closure of deep mining devastates the community to this day, and in Girvan, which is a seaside town, there has been a downturn in tourism as people have increasingly taken holidays abroad. Both town centres have been decimated and are in need of urgent regeneration, and in the case of Girvan even the local swimming pool has closed.

It would be difficult to overstate the strength of local feeling in both these communities at what they see as continual neglect and particularly a lack of understanding and empathy about what it is like living in a rural area

and the difficulties of accessing services. However, given that it is my privilege to represent both communities, I am also very much aware of their resilience and ability to look at constructive solutions to problems.

I want to highlight my disappointment at how these closures were handled in my constituency. There was a consultation process of some four weeks basically over the Christmas holiday period, which was totally inadequate and frankly reprehensible. There was never any intention in my view to acknowledge—far less to listen to—local opinion. I hope that the Minister will feel able to redress that situation this evening. I am proud of the representations both communities have made, and I congratulate them, including those who took the time and trouble to collect signatures for a substantial local petition with the help of local Labour councillors.

What response did they get to their representations? On 3 December 2010, Mr Jonathan Hall from the Driving Standards Agency corporate correspondence unit replied to Girvan community council:

"Decisions on the number, location and size of centres must therefore take into account affordability, existing levels of demand and the Agency's service level travel-distance criteria, where most customers travel no more than 7, 20 or 30 miles to their nearest test centre, depending on the population density of the area."

How does that tie in with localism? I will go on to say why I think those distances are unreasonable in these two specific cases.

I will also challenge other comments made by DSA corporate services and by the Minister, but before that I would like to highlight a number of questions and points made to me by local people. In areas where local jobs and small businesses are struggling already, the livelihoods of local driving instructors are now under threat. Whatever the DSA says about a full licence allowing a person to drive on any public road, not simply those on which a person was trained or tested, the reality is that most people prefer, at least for some of the time, to practise near a test centre. Those in Ayr and surrounding areas will still be able to do this, while those in the rural area will not. I believe this is discrimination as well as a diminution of rural services, as I have already stated.

For reasons of familiarity, people will not want to take their lessons in areas where they are not sitting their test. To take a driving test on an unfamiliar route is an extra problem for any learner driver. If that is not the case, why do instructors make a point of taking their customers to streets they know are part of the test runs in their area? If learners know the route of their driving test and have driven it numerous times with a driving instructor, they are surely much more likely to pass the test. Driving instructors in the rural areas in my constituency will lose business to those in Ayr. Girvan, for example, had a driving test centre in the town for more than 60 years. It can take 45 minutes to drive to Ayr, which is a fact I am very familiar with because I do it often. Having a driving lesson and another 45 minutes to drive home can come to two and a half hours for an hour's lesson. Taking public transport to lessons with a local driving instructor in Ayr is not unproblematic, because transport is often not that frequent and adds to cost. For that very reason it is essential for many people in these rural areas to drive for access to education and employment.

The DSA is obviously unaware of the logistics around Cumnock and Girvan and has taken the decision to close the facility purely on a theoretical basis of mileage. Many rural villagers already need to travel some distance to get to Cumnock or Girvan in the first place. As one constituent told me:

"My local test centre is Girvan, but I live a further 15 miles away and the total mileage I would have to travel to the Ayr Driving Test Centre is 37 and a half miles."

I want to say a word about the new Ayr multi-purpose test centre, which is to serve Cumnock and Girvan following these closures. I welcome the new facility and lobbied the then Government to make sure it went ahead. It is great to have a new super-duper facility in any area, but it should not be at the expense of services to rural areas, especially when there are other ways of cutting costs. The DSA conducted 789 tests at Cumnock and 268 at Girvan in the last financial year. I think that I have made it clear that the decision should not just be about numbers, but it is recognised in both these communities that driving tests being conducted in the areas could be less frequent. However, can the Minister confirm that the same examiner passes through Girvan once each week to go to Stranraer?

Surely a common-sense solution could be found here. Both communities have suggestions for maintaining a reduced service at little cost in accommodation. East Ayrshire council has unanimously agreed, on a cross-party basis, that it will look at offering the premises it owns in Cumnock at a peppercorn rent. Girvan community council has acknowledged that there is no need for an examiner every week given the numbers, but that every four to six weeks would suffice. I said earlier that these communities are proactively seeking a solution, rather than just talking about it. Will the Minister be prepared, as the Prime Minister has done in other cases, to look at this again, given the good will there is to seek an agreement?

My worry about what is being done by the DSA is that in rural Scotland, the test demand may not be sufficient to justify a proper test centre. However, these people pay the same fee as those in more populous parts, so why should they get a lesser service? All this, as I have tried to indicate, could add to the costs of learning to drive and increase the problem of unlicensed driving, which has road safety implications and will impede the economic development of areas already hard hit by the current economic situation. I look forward to the Minister's reply, which I know will be followed closely by my constituents, and I hope that he can suggest a positive way forward.

7.49 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): I pay tribute to the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne) for securing this debate. I am sorry but I am not responsible for swimming pools or libraries in her constituency—I believe it is a devolved issue that she needs to take up with the Scottish Parliament. However, I understand where she is coming from.

I was surprised to hear that the hon. Lady was campaigning so hard for the Ayr centre. What Ministers should have said at the time to the hon. Lady was that if the plans went ahead, there would closures in her constituency at the other centres, given the capacity that

[Mike Penning]

the Ayr centre was designed to have. That is a fact, and given the capacity of what was designed, that is exactly what is happening. If I had been the Minister, I would not have gone ahead with a programme of that size in Ayr, because—I agree with her on this—it is taking away a service from her constituency. I know that she has heard me speak before on this subject; indeed, she extensively quoted my views on where tests should be. They should be in the community—they should be a service to the community that the Driving Standards Agency provides, not a Soviet-style system that makes everybody come to us.

Sandra Osborne *rose—*

Mike Penning: If the hon. Lady does not mind, I will continue. It is unusual to give way in an Adjournment debate, because of the limited time we have.

I understand the concerns that have been raised, particularly by driving instructors, and I will try to deal with them. There are some big issues that we need to deal with, not least the many people who go out with someone who they think is a licensed and qualified driving instructor, but who is not actually qualified. That is an issue that I am taking up with the industry. It is wrong that people pay good money and in good faith, thinking that they have a fully qualified instructor, when what they have is someone who is just trained. Not all driving schools allow that, but it is allowable under the existing legislation, which I will look at carefully.

The hon. Lady is absolutely right about the service that is provided, within reason, in the kind of urban and rural communities that she and I serve. I accept that hers is a much larger rural community than mine, but I have many parts of the beautiful Chilterns in my constituency. I see lots of learner drivers, particularly at the weekend, learning how to drive on rural roads—as well as on urban roads—because that is a skill that they need to adjust to as they learn to drive.

We have reformed the test quite extensively in the short period in which I have been the Minister. One of the reforms that I have introduced is to ensure that instructors do not know exactly what the route is, because people can learn a route, but does that teach them to drive? The purpose of the test is to give people skills so that they can enjoy driving on the road, while at the same time ensuring that others are safe. What currently happens—the hon. Lady is absolutely right about this—is that instructors know exactly what the routes are, within reason. They take people round and round the circuit in their lessons, so that when they take their tests, they normally go along one of three or four routes, which they probably know back to front. We will stop the routes being published. We will develop new routes, so that instructors will not know what the likely routes are.

It is a testament to the hon. Lady's understanding of her constituents' needs that, as well as putting a petition together, the local authorities and the community have come together to look carefully at what the service provision needs to be and how it can be delivered. As she knows, neither I nor this Government is fixated on bricks and mortar. What I am interested in is the service being delivered to the community. I am not sure that the Public and Commercial Services Union is fully on board with that, but I am sure that we will get there eventually, because what it wants to do is the same as what I want to do, which is to provide a service to the community.

The previous Government's policy was to implement a closure programme. I have suspended the closure programme while we address the question of how we can deliver facilities and tests to communities. I cannot go back on the campaign that the hon. Lady said she was so in favour of, but the new Ayr centre is now in place. It has a rather large capacity—much greater than the needs of Ayr—and was designed so that other areas would close their facilities, which would then come into a hub. I will not repeat myself too much, but I would not have done that, and it does not fit with this Government's ideas of how we should deliver the service.

However, what I am doing—I have asked my officials to proceed with this, and they have already started—is speaking to local stakeholders, including councils in the areas where closures are taking place, to see whether we can deliver a service in the hon. Lady's community that is not about bricks and mortar, but about tests being given. In two areas we are looking at delivering around 1,300 tests in the average year, with about 80% in one centre and 20% in the other. She is absolutely right that the figures suggest that we could send a tester every day—or every other day—to do one test, or we could bring the tests together in a package and have a tester arrive every four to six weeks. My figures indicate that it would be closer to every four weeks, particularly in certain parts of the year, when there tend to be more tests than in others.

It is crucial that the community understand that the service is for them. I know that my officials have been talking to the chief executive of the local authority about how we can facilitate that, which is something that the hon. Lady mentioned. As she is aware, in one case we were using a hotel in her constituency as a headquarters before we got a hub centre. I do not mind if it is in a hotel or a supermarket; indeed, if the libraries in her constituency stay open, I do not mind if it is based in one of their car parks or in a civic centre.

It is crucial that the service should be delivered locally, although let us remember that this is not all about the instructors. I stupidly sat next to my daughters on several occasions when the L plates were up, and it was the most frightening experience known to man—for them, I should stress, not for me. This debate is not all about instructors, but there is an industry out there and I am conscious of their needs. If everything is done in Ayr, there will perhaps be an issue with people looking to the Ayr driving schools rather than their local schools. I do not want everything done in Ayr; I want it done in the hon. Lady's constituency. We are working hard to ensure that localism is delivered, because people pay for a service and they are entitled to it.

Let me quickly touch on some of the other changes to the test, which is vital to the hon. Lady's constituents. I do not think that the test in its present form delivers what it is intended to, which is not a group of people who can pass a test, but people who have the skills that allow them—this is particularly true for young people—the freedom to enjoy the road while at the same protecting others. I have already said that we will ban the publication of routes, so that when people leave the test centre, the

Sainsbury's car park or the local council offices, they will not know exactly where they are going to go—clearly they will have to go left or right, but they will not know exactly where they will go after that.

At the same time, people who are learning need the skills for when they do not have someone sat next to them, as a companion or guide, or as someone telling them when they have done something wrong. Therefore, we are introducing a part of the test where people will be asked to go from one place to another without being told how to. They will have to find a route themselves by reading the road signs. Some people have said that they are concerned about this, and have asked whether people will fail their test if they go in the wrong direction. No, they will not; it is how they react to making a mistake that is crucial when we are trying to teach them how to be good drivers.

We have a massive issue in the whole of this great nation of ours with young drivers. That is one of the reasons their insurance premiums are so high. With two daughters, I am proud to say that lady drivers—and particularly younger lady drivers—are much safer than boy drivers. Indeed, 17 to 25-year-old girls are some four times safer than 17 to 25-year-old boys. We must work together to ensure that they have the skills that they need to go forward. One of the proposals that we have made is for qualified driving instructors to be able to use roads that learners do not usually use, particularly motorways. It seems ludicrous that someone can pass their test with someone else sitting next to them, then leave the test centre—perhaps the instructor will have taken someone else out on another test, in another car—and be legally allowed, on their own, to drive for the first time ever at 70 mph on a motorway. Frankly, they will probably be petrified—I know I was very frightened when I first went on a motorway, and I know my daughters were as well.

We are therefore looking at giving fully qualified instructors the ability to teach enhanced skills, including post-test. Indeed, a lot of work is being done with the Institute of Advanced Motorists, the AA and the RAC on what skills we can give people when they have passed their test, so that they face less of a liability in their insurance. That is the sort of steer and guidance that we need from the DSA and Government. It is not about regulating, but about giving people the skills that they need.

The hon. Lady asked me for an assurance that we will bring testing to her community. Yes, we will, and we will do it as soon as we can. Pilots have already started around the country. I hope that the union will support what is being done, because it will protect jobs rather than cause them to be lost. We will need people, albeit that they will not be sitting in a building. I remember the vicar of the first church I went to in my constituency saying to me, "It's not about buildings, Mike. It's about people. That is what the Church means." The same applies to services in the community.

We need to deliver this much-needed service in the community, so that people can have the skills that they need—and at cost, so that they can afford them. In a rural community, passing the driving test is one of the great freedoms that we can give to young people. We need the skills to do that, and we need to bring that service to them at no extra cost to them. That is crucial. Buildings cost a lot of money. The hon. Lady mentioned a peppercorn rent, but in some cases, there might be no rent involved at all. Some commercial organisations might welcome the footfall that would come to them while people were waiting to take their test, if their location became known as the test centre.

I have an open mind on who should deliver these services. As I have said, discussions are going on in the hon. Lady's constituency with her local authority, and I am more than happy to share with her after the debate the information on who we have been talking to. Perhaps she also has ideas about who we should talk to. We will deliver driving tests in the community, where they should be, rather than a huge distance away, which was the previous Government's policy. I have inherited that policy, but I will not continue with it.

8.1 pm

Sitting suspended (Order, 21 March).

8.29 pm

ROYAL ASSENT

Madam Deputy Speaker (Dawn Primarolo): I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified her Royal Assent to the following Acts:

National Insurance Contributions Act 2011

Budget Responsibility and National Audit Act 2011.

Question put, That this House do now adjourn.

Question agreed to.

8.30 pm

House adjourned.

House of Commons

Wednesday 23 March 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Corporation Tax

1. **Guto Bebb** (Aberconwy) (Con): What recent progress has been made in discussions with the Northern Ireland Executive and the Chancellor of the Exchequer on changes to corporation tax in Northern Ireland. [47492]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I have had discussions with my right hon. Friend the Chancellor on this issue yesterday and today. A Government consultation paper on rebalancing the Northern Ireland economy will be published tomorrow. The paper will include a discussion on the potential for transferring the power to reduce corporation tax to the Northern Ireland Executive.

Guto Bebb: To what extent has the Azores judgment had a bearing on the Government's ability to vary the rate of corporation tax in Northern Ireland and other regional authorities?

Mr Paterson: I thank my hon. Friend for that question—given that I converted him to the Conservative party in my kitchen. The Azores judgment will conform to our plans, which will be laid out in the consultation tomorrow. We agree that the powers should be devolved to an Assembly that has entire control over its own area and that there should be no countervailing intervention from central Government.

Ms Margaret Ritchie (South Down) (SDLP): I thank the Secretary of State for his interest in the subject. Will the Government now consider the devolution of further tax-raising or tax-varying powers to the Northern Ireland Executive? Does he agree that the more economic levers the Northern Ireland Executive and the Northern Ireland community have available to them, the more the economy will be helped to develop in a better way?

Mr Paterson: I thank the hon. Lady for her question. We have no plans to devolve further powers, and I would stress to her and her colleagues that we are talking about a consultation. It is not in the bag. We have lengthy discussions with other colleagues and the Treasury, and it would help if she could galvanise a campaign across Northern Ireland to work with us.

Mr Shaun Woodward (St Helens South and Whiston) (Lab): It is good that it is not yet in the bag, because the Secretary of State will know that since 2000, 80 countries have cut corporation tax rates. I am sure that, among those, he has studied Puerto Rico, a territory of the United States which has an effective corporation tax rate for manufacturing of 2%. What assessment has he made of how that has helped tackle unemployment in that United States territory, and how it has helped those countries generally to recover from global recession?

Mr Paterson: I am most grateful to the shadow Secretary of State for his question, but Puerto Rico is a bizarre comparison. I spent three and a half years travelling to Northern Ireland every week. Week after week I went to businesses, and week after week they said that a reduction in corporation tax would most help them.

Mr Woodward: It is clear that the Secretary of State travelled week after week, but it is also clear that he learnt nothing. Unemployment in Puerto Rico went up again last month, to 16%. The economy remains in recession for the fourth year. We need Northern Ireland to get out of recession, not to stay in it, so let us be clear—and a simple yes or no will do. Given the vital importance of infrastructure, education and skills to attracting and retaining business, will he guarantee that any consequential changes to the annual block grant and from tax revenue will not leave the Executive with an annual net loss? Yes or no?

Mr Paterson: We need no lectures on the economy from the right hon. Gentleman. He was in the bunker with the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), and he left us with a bill of £280,000 a minute in borrowing and £120 million a day in interest costs. We are absolutely clear that, following the example of the Republic of Ireland, we will grow the revenue.

Economic Situation

2. **Paul Uppal** (Wolverhampton South West) (Con): What recent assessment he has made of the state of the economy in Northern Ireland. [47493]

8. **David Rutley** (Macclesfield) (Con): What recent assessment he has made of the state of the economy in Northern Ireland. [47499]

The Secretary of State for Northern Ireland (Mr Owen Paterson): Northern Ireland Executive Ministers and I agree that the economy in Northern Ireland needs to be rebalanced. The Northern Ireland economy is too dependent on the public sector, for all the reasons that the House will understand. The consultation paper that we are publishing tomorrow and our ongoing work with Executive and Treasury Ministers will play a significant part in boosting the private sector and attracting investment to Northern Ireland.

Paul Uppal: In the last quarter for which figures are available, almost 22% of 16 to 24-year-olds were not involved in education, employment or training, at a cost of more than £250 million. What measures can be taken to rectify that?

Mr Paterson: The detail of training and employment policy is now in the hands of devolved Ministers, but my hon. Friend has touched on a common theme. We all have an interest in reviving the private sector in Northern Ireland and seeing those young people put into worthwhile employment.

David Rutley: Does my right hon. Friend agree that Northern Ireland benefits from being part of the United Kingdom economy, because it is this Government and this Chancellor who will get the budget deficit back under control and rebalance the economy in favour of sustainable economic growth, as highlighted recently in the OECD report?

Mr Paterson: My hon. Friend is absolutely right to remind the House of that. We have a worse deficit than Ireland or Greece, yet our interest rates are considerably lower. That is thanks to the robust measures that the coalition Government have taken to enable us to recover from the wreckage left behind by the previous Government.

Mr Nigel Dodds (Belfast North) (DUP): Is the Secretary of State aware that the very high price of petrol and diesel in Northern Ireland—the highest in the United Kingdom—is having a severe impact on the living standards of families and the viability of businesses? In his discussions with the Chancellor yesterday and today, has he raised support for a fuel duty stabiliser and other measures to tackle this crippling problem, specifically in relation to Northern Ireland?

Mr Paterson: The right hon. Gentleman is absolutely correct to raise the issue of fuel costs in Northern Ireland. He will have to be patient and wait to hear what the Chancellor has to say in a few minutes, but I can tell him that the issue has been raised at the highest level.

Mr Dodds: I thank the Secretary of State for that answer. An issue that he can respond on is his talk of an enterprise zone for Northern Ireland. Will he elaborate on that and tell the House what specific measures he has in mind to bring about real change and boost competitiveness for Northern Ireland businesses? Has he looked at the specific issue of air passenger duty, which is having a detrimental effect on Northern Ireland compared with the Irish Republic?

Mr Paterson: I have been using the expression "enterprise zone" for three and a half years as a cover for looking at ways of reviving the private sector in Northern Ireland. As the right hon. Gentleman knows, I am a convinced evangelist for the proposal to devolve corporation tax, to allow it to be lowered. The paper published tomorrow will also contain an amalgam of ideas from the Executive. On the issue of air passenger duty, he will also have to be a little more patient and wait for the Budget statement.

Stephen Pound (Ealing North) (Lab): On the subject of robust policies, we have now had nine months since the emergency Budget, yet the 65% employment rate in Northern Ireland is the lowest in the UK and unemployment is rising to 8%. May I ask the evangelical Secretary of State how much further pain families in Northern Ireland must be expected to bear?

Mr Paterson: The hon. Gentleman should remember the Budgets that he voted for. I remind him that we are borrowing £280,000 a minute, and that we are spending £120 million a day on debt interest, compared with £95 million on education. That is where the money is going: we are paying off the deficit that he left behind.

Air Passenger Duty

3. **Naomi Long** (Belfast East) (Alliance): What assessment he has made of the likely effects of changes in air passenger duty on business travel between Northern Ireland and London. [47494]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I have had meetings with the Northern Ireland Minister of Enterprise, Trade and Investment and with my hon. Friend the Economic Secretary to the Treasury to discuss air passenger duty. My Treasury colleagues fully understand the issues involved. The rates that took effect last November were, of course, set and legislated for by the previous Government.

Naomi Long: I thank the Minister for his answer. He will be aware that, in addition to air passenger duty, Heathrow and Gatwick intend to levy passenger landing charges for regional flights, which will compound the problem. Will he confirm that this matter is at the top of his agenda, so that we can ensure that Northern Ireland businesses have access to the capital?

Mr Swire: Indeed; these things have been discussed at ministerial level. I am glad that my right hon. Friend the Chief Secretary to the Treasury is here to listen to the hon. Lady's comments. We take this matter very seriously. A lot of the issues to do with Gatwick and Heathrow are commercial matters that are more properly dealt with by BAA.[1]

Mr Laurence Robertson (Tewkesbury) (Con): Will the Minister continue to speak to the Chancellor of the Exchequer about the possible dangers that a per plane duty could pose for businesses in Northern Ireland, given the geographical situation of the Province?

Mr Swire: My hon. Friend raises a good point. It is worth pointing out that 75,000 fewer people—business men and tourists—went to the island of Ireland every week last summer. It is important that we keep up the amount of people who come here. I think that his question might be better directed to Ministers after the Budget, which will follow in a few minutes, but I am sure that his comments will have been heard.

Political Donations

4. **Glyn Davies** (Montgomeryshire) (Con): What recent discussions he has had with ministerial colleagues on the registration of donations to political parties active in Northern Ireland. [47495]

10. **Graham Evans** (Weaver Vale) (Con): What recent discussions he has had with ministerial colleagues on the registration of donations to political parties active in Northern Ireland. [47501]

1. *[Official Report, 4 April 2011, Vol. 526, c. 12MC.]*

The Minister of State, Northern Ireland Office (Mr Hugo Swire): An order to extend the current confidentiality arrangements for political donations in Northern Ireland was debated and approved by both Houses last month. *[Interruption.]* This order came into effect only from 1 March, so I have not had discussions on this issue with ministerial colleagues since then. *[Interruption.]*

Mr Speaker: Order. I understand that the House is eagerly awaiting subsequent business, but there are far too many noisy private conversations taking place, which is very discourteous to the people of Northern Ireland.

Glyn Davies: While discussing donations to political parties in Northern Ireland in the Northern Ireland Affairs Committee, the Minister made reference to "details of the recipient", "the amount received", and when donations were made. Those were the reference points, so can the Minister tell us what progress has been made?

Mr Swire: Indeed, I can. I remain firmly of that view. We are not in the position that we would like, but I am advised that there are serious doubts about whether the issues that I mentioned can be addressed under existing legislation, which is very tightly drafted. I hope to make provision to bring more transparency to existing arrangements when a suitable legislative vehicle can be found.

Graham Evans: Will my hon. Friend let us know when legislation will be brought forward to make sure that donations and loans made to political parties in Northern Ireland during the prescribed period are not disclosed when the prescribed period expires?

Mr Swire: My hon. Friend makes an important point, which was behind the introduction of the statutory instrument. I hope that this will happen at the earliest opportunity. Primary legislation will be required: we have extended the order for a further two years, so it allows us time to find a suitable legislative vehicle.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): One of the problems with regulating donations to political parties in Northern Ireland is that a loophole enables some parties to bring funds in through the Republic of Ireland—without requiring the kind of registration that applies to funds donated within the United Kingdom. Will the Government move to close this loophole so that there is a level playing field for the funding of political parties in Northern Ireland?

Mr Swire: The right hon. Gentleman will be aware that any donation over £7,500 has to be declared to the Electoral Commission, as it does in the rest of the UK, so that is covered. When we move towards a Bill on the whole issue of elections in Northern Ireland, we can certainly look at that issue, along with other anomalies that we believe exist.

Steve Rotheram (Liverpool, Walton) (Lab): The Ulster Conservative and Unionist New Force was the snappy title given to the alliance adopted by the Conservative party and the Ulster Unionists in last year's general election. Will the Secretary of State share with the House how the new force in UK politics is doing these days?

Mr Swire: We remain committed to bringing national politics to Northern Ireland. I am not sure that the hon. Gentleman's question is within the scope of the subject of registration of political donations, but I can assure him that many people in Northern Ireland and in the rest of the United Kingdom wish to support a Conservative party, which is why we are in government and he is not.

Aggregates Levy Credit Scheme

5. **Mark Durkan** (Foyle) (SDLP): What recent discussions he has had with the Chancellor of the Exchequer on the aggregates levy credit scheme in Northern Ireland. [47496]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I have spoken with my hon. Friend the Economic Secretary on this matter. The Government remain fully committed to reinstating the aggregates levy credit scheme in Northern Ireland. The Treasury is in regular contact with the devolved Administration to co-ordinate the provision of evidence to the European Commission to support a new scheme.

Mark Durkan: I thank the Minister for that reply. He will be aware that the withdrawal of the scheme is having a severe impact on a hard-pressed sector in Northern Ireland. It is also having an impact on the public purse in its effect on capital expenditure. As well as talking to the Treasury, will the Minister consider together with the European Commission whether a recasting of the overall agricultural levy scheme could help to get Europe round its undue hang-ups?

Mr Swire: The hon. Gentleman signed the early-day motion on this matter tabled by the leader of his party, the hon. Member for South Down (Ms Ritchie), who is in her place. My right hon. Friend the Secretary of State has twice met Gordon Best, the director of the Quarry Products Association, and we are seized of the importance of this industry to Northern Ireland and of the unfairness with the Republic. All I would say to the hon. Gentleman is that the Treasury is continuing its negotiations with the Commission and that the proper place for suggesting ideas is through the Treasury to the Commission. The Government remain committed to addressing this very serious—

Mr Speaker: I am grateful to the Minister for that answer.

Jim Shannon (Strangford) (DUP): I represent an area that contains seven quarries which employ more than 100 people and generate a multi-million industry that exports to all parts of the globe. Will the Minister confirm that he will work industriously with the Northern Ireland Executive and, indeed, the Treasury to ensure that the exemption for the quarries continues in the near future?

Mr Swire: It is quite handy having the Chief Secretary to the Treasury here to listen to Northern Ireland questions. We should try to arrange for it to happen more often.

The Government remain very disappointed by the suspension of the aggregates levy credit scheme, but, although disappointing, it is unavoidable. I hear what the hon. Gentleman says about his constituents in Strangford, but this does not affect only Strangford; as I have said, the industry is important throughout Northern Ireland. We are in a difficult position, but I can reassure the hon. Gentleman that we are working closely with Treasury Ministers, as indeed are the Executive in Northern Ireland. The Finance Minister himself discussed the matter recently with the Economic Secretary to the Treasury.

Competitiveness

6. **Mr William Bain** (Glasgow North East) (Lab): What recent steps the Government has taken to increase economic competitiveness in Northern Ireland. [47497]

The Secretary of State for Northern Ireland (Mr Owen Paterson): The Government are committed to working with the Northern Ireland Executive to help boost private sector growth and investment in Northern Ireland. The consultation proposals for rebalancing the economy that the Government will publish tomorrow will send a powerful message to overseas investors. They have the potential to make Northern Ireland a beacon for foreign investment.

Mr Bain: Does the Secretary of State recognise that one of the most competitive parts of the Northern Ireland economy is the renewable energy sector? Will he convey to the Chancellor the message that the establishment of a strong green investment bank with its own borrowing powers during the current Parliament is essential to drive the green economy in Northern Ireland?

Mr Paterson: I thank the hon. Gentleman for that constructive question. He will have been pleased to note the significant investment in Harland and Wolff's wind apparatus by DONG Energy the other day—that is very much a theme of the coalition Government—but if he wants to hear further announcements, he will have to restrain himself and wait for the Budget statement which will be delivered in a few minutes' time.

Julian Smith (Skipton and Ripon) (Con): Northern Ireland, like North Yorkshire, is powered by small business. What message does the Secretary of State think today's sizzling Budget for growth will send to risk-takers in Northern Ireland and beyond?

Mr Paterson: We have the Ulster fry, with which we can celebrate in numerous splendid establishments in Northern Ireland. I think the message is that we have stabilised the economy. We have moved out of the danger zone that we used to inhabit after inheriting the mess from the last Government, and today we can celebrate moving forward with a constructive Budget and specific measures to help small businesses in Northern Ireland.

Sammy Wilson (East Antrim) (DUP): I hope that the Budget sizzles but does not burn the economy.

Does the Secretary of State believe that a corporation tax change for Northern Ireland which also imposes a huge financial burden on public expenditure is likely to promote the competitiveness to which he has referred? Will he ensure that if corporation tax is devolved, it is devolved at a fair rate and in a way that does not make it—

Mr Speaker: Order. I should be grateful for a reply from the Secretary of State.

Mr Paterson: The hon. Member for East Antrim (Sammy Wilson) and I discussed this matter at length at Hillsborough the other night. We talked until after midnight. He knows that we are proposing a consultation. If the power is then devolved, it will be up to him and his colleagues to decide the manner in which that is done. *[Interruption.]* He also knows—if he looks south of the border—that the reduction in corporation tax there was recently described as a "cornerstone" of the success of the rebuilding of manufacturing in the Republic of Ireland.

Dr Alasdair McDonnell (Belfast South) (SDLP): Can the Secretary of State give us any advice on steps that the Northern Ireland economy might take to become more productive and efficient? *[Interruption.]* I am thinking especially of research and development, and in particular of European framework programme 7 for R and D funding.

Mr Speaker: Order. I appeal to the House to come to order. It is very difficult for Ministers even to hear the questions that they are being asked.

Mr Paterson: The hon. Gentleman will have to wait until tomorrow to see the details in the consultation paper, but I can tell him that we have taken up a range of measures proposed by the Executive. Let me also draw his attention to the national policy that we have imposed, which involves a huge range of measures to revive science and research in this country.

Enterprise Zone

7. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): When he expects plans to establish an enterprise zone for Northern Ireland to be announced. [47498]

The Secretary of State for Northern Ireland (Mr Owen Paterson): My right hon. Friend the Chancellor of the Exchequer will unveil the Government's plans for enterprise zones later today in the Budget. Separately, tomorrow we will publish a consultation paper on rebalancing the Northern Ireland economy and making Northern Ireland an even more attractive place to do business.

Luciana Berger: I thank the Secretary of State for that reply. A recent report by the Work Foundation found that 80% of the jobs created by enterprise zones are a result of relocation, and therefore are not new jobs. How will he ensure that the enterprise zones in Northern Ireland will be different?

Mr Paterson: The hon. Lady probably does not know that I have been using the phrase "enterprise zone" as a cover-all term for a whole range of measures that would revive the private sector in Northern Ireland. I am sure she agrees that it is unsustainable for—according to one

report—77.6% of the gross domestic product of the Northern Ireland economy to come from public spending. Tomorrow, we will publish a paper blending our ideas with those of the Executive on how we will rebalance the Northern Ireland economy.

David Simpson (Upper Bann) (DUP): Does the Secretary of State agree that an enterprise zone across the whole of Northern Ireland is one thing, but if it is interpreted as it was in the 1980s, that will cause major displacements throughout the Province?

Mr Paterson: I repeat again what I just said: I have used the phrase "enterprise zone" over the past three and a half years as a cover-all term for referring to investing in a whole range of measures that will help revive the private sector. I have visited the hon. Gentleman's constituency, and he agrees with me that we must rebalance the economy. The Chancellor will announce the detail of specific measures on enterprise zones in a few minutes, and I hope they will be taken up by the Executive, who will have responsibility in Northern Ireland.

Security Threat

9. **Andrew Stephenson** (Pendle) (Con): What recent assessment he has made of the level of threat to security in Northern Ireland posed by residual terrorist groups; and if he will make a statement. [47500]

The Secretary of State for Northern Ireland (Mr Owen Paterson): The threat level in Northern Ireland remains at severe. This Government continue to support the Police Service of Northern Ireland in countering the small but dangerous groups who regularly endanger the lives of police officers and the general public. That is demonstrated by the recent exceptional provision of an additional £200 million for the PSNI over the next four years to combat the threat.

Andrew Stephenson: I am sure Members of all parties will join me in condemning the small number of dissidents who continue to use violence. Will my right hon. Friend reiterate how important it is for the public to co-operate with the PSNI by passing on any information that could lead to taking terrorists off our streets?

Mr Paterson: My hon. Friend is absolutely right to draw attention to the role that the public can play. The PSNI now has broad support across the community, and as Robert Peel said, the police are citizens in uniform. If the Antrim road bomb had gone off, members of the public would have been maimed by a device put on a bicycle.

Lady Hermon (North Down) (Ind): I thank Members for their silence.

Given that during the troubles terrorist organisations murdered 102 members of the Royal Ulster Constabulary reserve, and that the Secretary of State could not attend a thanksgiving service for the reserve at St Anne's cathedral on Sunday, will he please take this opportunity to put on record his appreciation of the outstanding courage and enormous sacrifice of the RUC reserve?

Mr Paterson: I wholeheartedly endorse the hon. Lady's comments. Unfortunately, the Minister of State and I had long-standing commitments that we could not break, but we were ably represented by my hon. Friend the Member for Bournemouth West (Conor Burns), who stood in for us, and who will have visited several people there and expressed the same opinions we would have expressed had we been in his place.

Dissident Activity

11. **Patrick Mercer** (Newark) (Con): What assessment he has made of trends in the level of dissident activity in Northern Ireland. [47502]

The Secretary of State for Northern Ireland (Mr Owen Paterson): Terrorists remain active and the threat level remains at severe.

Patrick Mercer: Will the Secretary of State join me in congratulating the Garda on the outstanding co-operation over the past few weeks, particularly over the arrest of several dissidents just south of the border?

Mr Paterson: I am very grateful to my hon. Friend for his continued interest in Northern Ireland, and we value his experience. I wholeheartedly wish to place on the record our tribute to the Garda for the work that they have done. We have an unprecedented level of co-operation with them: I have met Martin Callinan, the new commissioner; I met the Taoiseach in Washington last week; and I will be visiting Dublin soon to follow up my recent discussions with the new Tanaiste and Justice Minister. We are indebted to the work that the Garda have done and by working with them we will bear down on these unrepresentative dangerous terrorists.

Mr Gregory Campbell (East Londonderry) (DUP): The dissident threat level remains high. Yesterday, the Secretary of State announced the end of the 50:50 discrimination rule in recruitment to the police. Will he join us next week in ensuring that the 10 years of discrimination against young Protestants is completely at an end, and in ensuring that young Protestants and young Catholics can join that police service to combat dissident threat levels and ensure a return to normality in Northern Ireland?

Mr Paterson: I am grateful to the hon. Gentleman for his question. We are happy that the Police Service of Northern Ireland now represents the community and offers a career path that attracts people from all across it. The issue is now in devolved hands, which is where it should be.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [48222] **John Woodcock** (Barrow and Furness) (Lab/Co-op): If he will list his official engagements for Wednesday 23 March.

The Prime Minister (Mr David Cameron): I am sure that the whole House will wish to join me in paying tribute to Private Daniel Prior, from 2nd Battalion the Parachute Regiment, who died on Friday at Queen Elizabeth hospital in Birmingham having been wounded in Afghanistan on Wednesday. Tragically, Private Prior had just become a father and our deepest condolences should be with his family and friends, especially his wife and his newborn son. We must make sure that he grows up in a country where everyone honours the memory of his father and what all our armed forces stand for.

This morning, I had meetings with ministerial colleagues and others, and in addition to my duties in the House, I shall have further such meetings later today.

John Woodcock: I thank the Prime Minister for that answer and associate myself, and all on the Opposition side of the House, with his moving tribute to Private Daniel Prior.

The Prime Minister has taken the right decisions to extend the life of the Nimrods and HMS Cumberland so that our armed forces remain equipped to protect in this conflict. He knows the uncertainty we now face, so will he, in due course, extend that rethink of our defence capabilities?

The Prime Minister: Obviously we will look very closely at all the lessons we should learn from what we are engaged in: diplomatically; politically; and in terms of both foreign policy and military equipment. What I would say, though, is that the whole predication of the strategic defence and security review was that we should be able to deploy at speed anywhere in the world and have very flexible armed forces, with particular emphasis on transport and on things such as special forces. We think that we did anticipate the sorts of things we are doing now, but if there are further lessons to learn, of course we should learn them.

Q2. [48223] **Jo Swinson** (East Dunbartonshire) (LD): Our hearts go out to the people of Japan as we watch their horror unfold and see warnings today about heightened radiation in Tokyo's water supply. It is not just earthquakes and tsunamis that can threaten the cooling systems of nuclear reactors, so does the Prime Minister agree that what has happened at Fukushima will have consequences for the new nuclear power stations proposed for the UK?

The Prime Minister: I am sure that the whole House will want to join the hon. Lady in sending our condolences to people in Japan and to express our admiration for their incredible bravery and resilience in dealing with this immense crisis. Of course we must learn any lessons that need to be learned about nuclear power, which is why the head of the nuclear safety inspectorate is looking at this issue. As I have said before, the power stations we have in Britain are of a different type from those in Japan. We are not planning to build any like those, and we are not in an earthquake zone or a zone subject to tsunamis, but of course we have always got to test against all eventualities. I am sure that there is further testing we can do on nuclear power.

Japan is doing a good job in dealing with this problem and the signs from the nuclear station are a little better than they were a few days ago, but it is certainly not out of the danger zone. What we should do is make sure that we give the correct advice to all British citizens in Tokyo—that is what we have done and what we will continue to do.

Edward Miliband (Doncaster North) (Lab): I join the Prime Minister in paying tribute to Private Daniel Prior. He demonstrated outstanding bravery in the line of duty and our thoughts are with his wife and young son and all his family and friends.

I am sure that the whole House will also want to think of our armed forces personnel now in action in the military operation in Libya and to pay tribute to the outstanding work they are doing. Following the overwhelming vote in the House on Monday, will the Prime Minister update the House on the progress of our military operation and the actions of British forces?

The Prime Minister: I thank the right hon. Gentleman for what he says and for his speech in that debate on Monday, which I thought was extremely powerful. To update the House on the military operations, a no-fly zone is now in place over Libya and 11 nations are contributing more than 150 aircraft. As we discussed on Monday, there has been an early and good effect as regime forces have had to retreat from Benghazi, but there is clearly great concern about what the regime is doing in Misrata. Any idea that the second ceasefire was any more meaningful than the first is, we can see, complete nonsense. We made good progress in the no-fly zone and good progress in turning some of the forces back and protecting civilians. Everything is clearly still in the early stages, however, and a lot more remains to be done.

Edward Miliband: I thank the Prime Minister for that answer and for what he said about the debate on Monday. We support UN resolution 1973 to protect the people of Libya. The support of the Arab League was a key factor in securing the UN resolution. Will the Prime Minister update the House on the military contribution that Arab states will make to the operation and what conversations he has had with Arab leaders about their continued role in the enforcement of the resolution and the plan of action?

The Prime Minister: I can do that. First, the Arab League met again yesterday and reinforced its view that a no-fly zone is right and that it supports UN Security Council resolution 1973. In terms of concrete assets, I can confirm that yesterday the Qataris deployed the first of their contribution—Mirage aircraft and other support aircraft—and we will get logistic contributions from countries such as Kuwait and Jordan. I hope that further support will be forthcoming but I would like to be clear that because we had to act so quickly on Saturday it was not possible to bring forward as much Arab support as might have been welcomed by, I think, everybody in this House. There is clear support from the secretary-general of those Arab nations. I also had a meeting with the Saudi Foreign Minister yesterday and I believe that support in the Arab world—not just among Arab leaders but among Arab people—for saving lives in Libya is very strong.

Edward Miliband: Let me emphasise something that the Prime Minister mentioned on Monday, which is the importance of the contribution of Arab countries to

the military operation. He also said that there would be a regular and more formal process with the Arab League and others. It seems to me very important that that process takes place. Let me ask the Prime Minister one other thing about our action. Will he clarify the Government's position on the targeting of Colonel Gaddafi? It is important that we stick to the terms of the UN resolution as we seek to maintain the coalition we have built on that resolution.

The Prime Minister: I am grateful for that question and for the chance to set this out clearly to the House. All our targets must be selected to be absolutely in line with UN Security Council resolution 1973. That allows us to take "all necessary measures" to enforce a no-fly zone and to put it in place as safely as possible as well as to take action to protect civilian life. All targets should be in line with that but I do not propose to give a running commentary on targets or, frankly, to say anything beyond that.

Q3. [48224] **Mr David Amess** (Southend West) (Con): As my right hon. Friend struggles to sort out the mess left behind by the previous rotten Labour Government, will he take this opportunity to unite the House on health matters by praising the work of Marie Curie nurses, highlighting the dangers of prostate cancer and supporting low salt week?

The Prime Minister: I yield to no one in blaming the last Government for all sorts of ills, but I think even I would probably draw the line at blaming them for the level of salt in food—[Hon. Members: "Oh, go on."] Well, I suspect that the previous Prime Minister probably put salt in his porridge, but we will have to leave it there.

My hon. Friend mentions a very important charity, Marie Curie Cancer Care, and the work it does to help people, particularly when they are suffering often incurable conditions; it should be praised by everyone in this House. The whole point of what we want to do through our health reforms is to involve in an even greater way such great charities, which do so much to help people across our country.

Mrs Mary Glindon (North Tyneside) (Lab): North Tyneside's Tory, elected mayor has spoken of her intention to become the council's chief executive under new government powers. Does the Prime Minister think that the mayor, who was elected on a political ticket under the alternative vote and has no proven professional experience for such an apolitical role, should go back to the electorate in the true spirit of localism and get their opinion on this issue?

The Prime Minister: I thank the hon. Lady for reminding everyone that North Tyneside has an excellent Conservative mayor who is doing a great job. It will be a matter for her and the people and the council of North Tyneside to work out what a fantastic job she can do in future.

Q4. [48225] **Gavin Barwell** (Croydon Central) (Con): Croydon town centre is just 15 minutes from central London by rail, but rateable values are 60% lower. Does my right hon. Friend agree that there is huge potential to save public money by relocating part of the Government estate from the most expensive real estate in the country in SW1?

Bob Russell (Colchester) (LD): Let's start with IPSA.

The Prime Minister: I just heard a suggestion from my hon. Friend that the Independent Parliamentary Standards Authority should be based in Croydon.

My hon. Friend the Member for Croydon Central (Gavin Barwell) makes a very good point. We have already saved £50 million by relocating Government property. The Minister for the Cabinet Office and Paymaster General, who sits in the Cabinet and does an excellent job, has saved £2.6 billion by combining quangos and public bodies, but I am sure there is more we can do, including, perhaps, in Croydon.

Edward Miliband: Will the Prime Minister explain why he proposes to remove the mobility component of disability living allowance from 80,000 care home residents?

The Prime Minister: The short answer is that we are not.

Edward Miliband: Not for the first time, I have to tell the Prime Minister what is in his own legislation: clause 83 of the Welfare Reform Bill proposes precisely that and people do not understand why he is doing it. If he is saying that he is going to abandon the policy, then, great, let us abandon the policy.

The Prime Minister: The review of disability living allowance and the mobility component is wrapped up in the new personal independence payment. That is what is happening. To be frank, this point has been raised right across the House of Commons and is a point that we have responded to. It is a review that the right hon. Gentleman can take part in; perhaps he can say something constructive.

Edward Miliband: It is not a review, it is a proposal—a clause—in the Bill to take away the mobility component of DLA. Some 22 disabled persons organisations up and down the country are saying that the Government should abandon the policy. I have a suggestion for the Prime Minister: why does he not complete the review now and say that he is dumping the policy? He has done it before.

The Prime Minister: The first thing the right hon. Gentleman said about disability living allowance was that he wanted to support our gateway reforms, but we do not hear much about that any more. As I have said, the review of DLA is rolled into the personal independence payment. That is how we will reform the mobility component. Instead of getting so excited about it, he should congratulate the Government on listening to opinion from across the House.

Karl McCartney (Lincoln) (Con): My right hon. Friend the Prime Minister might be aware that the *Financial Times* reported earlier this week that Gaddafi is sitting on $6.5 billion-worth of gold in his war chest. Although there is precious little to commend the current leader of Libya, gold has been the great inflation hedge throughout our history. Britain, on the other hand, sold off her gold reserves at the behest of the shadow Chancellor, when he worked as a bag carrier at the Treasury, in order to bolster the then failing euro. Which of those two is more psychologically flawed?

The Prime Minister: That was an ingenious question from my hon. Friend. I have to say that selling the gold was one of the many appalling decisions taken by the previous Government and was advised by the two people now responsible for their economic policy in opposition.

Q5. [48226] **Chris Evans** (Islwyn) (Lab/Co-op): Why is poor performance still being rewarded in the banking industry with massive bonuses?

The Prime Minister: What we have done in the banking industry is make sure that it is paying a £2.5 billion banking levy, not as a one-off, but every single year during this Parliament, so under this Government, the taxes it pays will go up; the bonus levels have gone down; and the lending to small businesses—and large businesses—will increase. The hon. Gentleman should welcome that approach.

Alun Cairns (Vale of Glamorgan) (Con): What conclusions has the Prime Minister drawn from the statement of the secretary-general of the OECD, who recently said

"if you don't deal with the deficit you can be assured that there will not be growth"?

The Prime Minister: The OECD was in town last week and gave the clearest possible message: if we do not deal with the deficit, we will not get any growth. That is what it said, and it is about time that the Opposition started listening to it.

Q6. [48227] **Roberta Blackman-Woods** (City of Durham) (Lab): I am sure the Prime Minister is aware that unemployment in my constituency will increase as a result of public sector cuts. What is his Government doing to expand private sector job opportunities in the area, such as supply-chain jobs from the Hitachi train-building programme? Will he ask the Business Secretary to meet local businesses and Durham county council about that, to boost jobs in Durham and the north-east?

The Prime Minister: I am very happy to arrange that meeting. The point that the hon. Lady makes is absolutely right: at a time when, frankly, any Government would have to make public sector cuts, we have to make sure that the private sector grows. That is why we have the regional growth fund, which is putting money and leveraging new jobs into the north-east. That is why we will introduce things such as enterprise zones, and that is why, if she sits and waits patiently, she will hear in the Chancellor's Budget a whole series of measures to fire up the private sector and make sure that we get growth right across our country.

Richard Fuller (Bedford) (Con): After fuel duty, council tax is the most despised tax in the country, and under the Labour Government it increased mercilessly, year on year. Will the Prime Minister tell me how many councils, like Bedford borough council, have taken advantage of the offer made by the Chancellor in last year's Budget and frozen or reduced council tax?

The Prime Minister: My hon. Friend makes a good point. It is worth while noting that we now know that every single council in the country has agreed to take part in the Government's council tax freeze. I would have thought that would be welcomed across the House of Commons, because people do face a difficult situation with the cost of living. We have taken action on council tax; we are lifting people out of income tax; we are uprating the pension in line with earnings, instead of prices; and I hope that the Chancellor will have a few more things to say in a minute or two.

Q7. [48228] **Mr Brian H. Donohoe** (Central Ayrshire) (Lab): The Prime Minister knows of my passion for the no campaign on the alternative vote, and I know that he will be working day and night on that subject. However, I have another passion: legal aid. What will his Government do to protect those who are debarred from legal aid, and to get rid of all the abuse in the legal aid system at present?

The Prime Minister: Of course, this is a devolved issue for Scotland, but what we have done elsewhere in the United Kingdom is maintain the grant that we give centrally to the citizens advice bureaux to make sure that work goes ahead. If the hon. Gentleman looks at the comparative figures, he will see that this country spends way more per head on legal aid than comparator countries, and it is right that it should be reformed.

Q8. [48229] **Mr Laurence Robertson** (Tewkesbury) (Con): Is the Prime Minister aware of the very poor rail services between Gloucestershire and London? As a result of that problem, my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown) and I have campaigned very long and hard for the line between Swindon and Kemble to be redoubled. Will the Prime Minister give every consideration possible to that project?

The Prime Minister: I do know the problems that there are between London and Gloucester, and also, as a Member of Parliament with a seat to the west of London, I know the problems on the Cotswold line, which has recently been improved through redoubling. I hope that my hon. Friend will sit patiently, because I very much hope that the Chancellor might have something to say about how we will make life easier for my hon. Friend's constituents who want to get to and from Gloucester and London.

Q9. [48230] **Angela Smith** (Penistone and Stocksbridge) (Lab): Will the Prime Minister update the House on the representations that he has received from the Deputy Prime Minister on reinstating the loan to Sheffield Forgemasters?

The Prime Minister: The hon. Lady knows well that this was done on the basis of affordability, but she also knows that Sheffield Forgemasters has been encouraged to bid under the regional growth fund; that is an approach it can take.

Elizabeth Truss (South West Norfolk) (Con): Given the central role that RAF Marham and the Tornado have played in securing a no-fly zone over Libya, and the brave actions of our service personnel despite the ongoing uncertainty at that base, is it not time that we confirmed the future of RAF Marham as a fast jet base?

The Prime Minister: My hon. Friend makes an important representation on behalf of a vital base in her constituency. It gives me the opportunity to pay tribute again to what our brave pilots are doing, whether flying Typhoons in order to police the no-fly zone, or flying Tornadoes in order to carry out vital operations on the ground in Libya. She makes a very strong case, but I know that others will be making a case too. These decisions will be taken in due course by the Ministry of Defence.

Q10. [48231] **Emma Reynolds** (Wolverhampton North East) (Lab): Last week the Prime Minister told the House that people here are twice as likely to die from a heart attack as people in France, but is not the truth that survival rates are improving, we will have a lower death rate than France by next year, and we have record levels of satisfaction with the NHS? When will he stop talking down the NHS and distorting the figures?

The Prime Minister: The NHS has done extraordinary things for me and my family. I am passionate about the NHS. I passionately want it to remain free at the point of use on the basis of need and not related to people's ability to pay. The point of reforming the NHS is to safeguard it for the future. That is what everyone in the House wants. I will never talk down the NHS, but if we really believe we cannot do better on cancer, heart disease and stroke, we are fooling ourselves. We must do better, and that is the aim of our reforms.

Duncan Hames (Chippenham) (LD): The coalition agreement promises the public greater accountability in NHS commissioning through directly elected individuals on the boards of primary care trusts. As PCTs are on their way out, does the Prime Minister accept that the best way now to deliver that commitment is to reserve places on GP consortia boards for locally elected people?

The Prime Minister: One of the ways we can make the NHS more accountable is through the better combination of the NHS and local government. That is what our proposals envisage. That is the best way to make sure that there is good democratic accountability for what happens in our NHS.

Q11. [48232] **Mr David Blunkett** (Sheffield, Brightside and Hillsborough) (Lab): The Government have not yet factored into their future Budget proposals the sell-off of the bank assets that we own. Given the Prime Minister's commitment to volunteering and the dire straits that many young people face because of unemployment, will he consider an endowment fund for a nationwide volunteer programme, building on the six-week national citizen service and benefiting individuals and the nation as a whole?

The Prime Minister: The right hon. Gentleman makes an extremely interesting suggestion. Obviously, there will be an opportunity to sell the bank assets that we own. I do not think that that opportunity is right now, or that we should wait to get national citizen service, which he rightly mentions, up and running. I want to see every 16-year-old in our country have the opportunity to take part in something like that to make them feel more part of our country and recognise the responsibilities that we all have as we move towards adulthood.

Q12. [48233] **Neil Carmichael** (Stroud) (Con): With the recent OECD report underlining the fact that the structural deficit has caused so many difficulties for our economy, does the Prime Minister agree that it is all the more important that we upgrade our industry and business by providing training opportunities for young people?

The Prime Minister: My hon. Friend makes an important point. It is why we are making bold and difficult reforms in education. As we stand today, less than 50% of young people at 16 are getting grades A to C in English and maths. We must make sure that people are properly prepared for the world of work, and that is not good enough. I pay tribute to my right hon. Friend the Education Secretary, who is setting a higher bar for himself and for the Government. We have to make sure that we get over it.

Mr Denis MacShane (Rotherham) (Lab): I welcome the Prime Minister's U-turn yesterday with the announcement that the United Kingdom will now opt into the EU directive on sex slave trafficking, which many have campaigned on for six months. This is a cross-party issue which he takes seriously. Will he ask the Home Secretary, seated on his left, to look particularly at unaccompanied children arriving at the Eurostar terminal at St Pancras, as there is evidence that some of them may be trafficked? We may be able to put some block on this terrible thing with a bit of work there.

The Prime Minister: I am grateful to the right hon. Gentleman for his question. He is absolutely right: this is an issue of cross-party concern. As he knows, we completely agree with what was proposed for the human trafficking directive. We decided to wait and check that it would actually be in line with what was wanted and did not have further dangers in terms of our immigration policy. I am happy to say that we will be opting into the directive, with parliamentary permission. Above all, we must ensure that our arrangements are in place to help trafficked children, including in the way he suggests.

Q13. [48234] **Matthew Hancock** (West Suffolk) (Con): A recent Public Accounts Committee report found that in the past hospitals were built under the private finance initiative even though it was more expensive than other forms of financing. In some PFI hospitals, it now costs £333 to change a light switch. What is the Prime Minister going to do about it, and whose fault was it?

The Prime Minister: My hon. Friend makes an important point. Some of the PFI deals that were entered into were extremely expensive, and the costs will rack up on taxpayers for years to come. He does not have to believe me, as we now have it from Labour's shadow Health Secretary, who has made a number of helpful interventions in recent weeks. The latest one was in the *Morning Star*—not a paper I always read. Whether talking to a communist paper or backing Tory plans, he is very consistent: he is always in favour of what the Government are doing. He said:

> "There is definitely a case for saying we were poor at PFI, poor at negotiating PFI contracts from the outset."

I could not agree more.

Q14. [48235] **Catherine McKinnell** (Newcastle upon Tyne North) (Lab): Some £180 million of land and property assets assembled by One North East are at risk of a fire sale to benefit central Government coffers. The Association of North East Councils and the Northern Business Forum have joined forces in a bid to take on those assets for the benefit of our region. Will the Prime Minister back the bid and put his warm words on localism into action?

The Prime Minister: I am grateful to the hon. Lady. As we move from the regional development agencies to the new local enterprise partnerships, many of which are up and running and doing a good job, it is important that we ensure we have good consistency and continuity, and I will certainly look at the case she makes.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): Will my right hon. Friend comment in advance of the Budget on this country's current financial situation in terms that I can use to convey to my constituents the dreadful state of the economy that we inherited from the party opposite?

The Prime Minister: One way of putting that inheritance is that we had a Budget deficit that was bigger than Portugal's, bigger than Spain's and bigger than Greece's. It is only because of the action we have taken in government to show how we will pay down our debts that we have interest rates in this country that are at a similar level to Germany's. That is what we have been able to do, to the huge benefit of our economy and with absolutely no help from the party opposite.

Q15. [48236] **Paul Blomfield** (Sheffield Central) (Lab): It was reported at the weekend that the Department of Health has failed to publish research it commissioned and received last autumn showing the highest ever level of satisfaction with the NHS. Will the Prime Minister urge the Secretary of State for Health to publish that research without further delay, or, by not doing so, will he confirm that the British Medical Association was right last week when it deplored the Government's use of misleading and inaccurate information to denigrate the NHS and justify their reforms?

The Prime Minister: This Government have published more information about the NHS than any other. Indeed, the hon. Gentleman is quoting from a published report. The point I would make to him is this: if we had survival rates for cancer that were the same as the European average, we would save 5,000 lives every year. Do Members opposite want to save those lives, or are they going to stick with the status quo and say that there should be no choice, that patients should not have a say in how they are treated and that doctors should not be more involved in the health service? What a backward step, and what a backward lot.

Mrs Anne Main (St Albans) (Con): Parents value the 15 hours' free nursery provision they are given, but 22 nurseries I have met are concerned that the new guidelines do not give enough flexibility. Will the Prime Minister talk to my right hon. Friend the Secretary of State for Education to see whether there is a problem?

The Prime Minister: I will certainly do that. Obviously, what we have done is to make sure that we have properly funded the extra hours of nursery education for three-year-olds and, for the first time, introduced that provision for disadvantaged two-year-olds, so that is a big step forward. At a time of spending constraint and austerity, we have been able to help the poorest families in our country to have a better future, but I will certainly take on board the point my hon. Friend makes and make sure that she meets my right hon. Friend the Education Secretary to ensure that it is introduced in the right way.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): In a newspaper interview last weekend, the Secretary of State for Energy and Climate Change cast doubt on the viability of investment in the civil nuclear energy industry. Given the strategic importance of the industry and the need for certainty and commitment from the Government, can the Prime Minister reassure the House and business that his policy is unaltered in that area?

The Prime Minister: I can do that, and the point I would make—the Energy and Climate Change Secretary would say exactly the same thing—is that what we have done is to create a fair playing field where that private investment can come forward. What we should not be doing is having unfair subsidies. We are making sure that on issues such as planning and carbon pricing the situation is very clear, so that nuclear, which is part of the energy mix in this country, can go on being part of the energy mix in our country.

Nicky Morgan (Loughborough) (Con): Last Friday I visited Rawlins community college in my constituency and spoke to a very bright group of economics students. We discussed the fact that Governments cannot spend money they do not have. The students understood that; why does my right hon. Friend think the Opposition do not?

The Prime Minister: My hon. Friend makes a very good point. I know the Opposition do not like to hear about the mess they left, but let me give them some new published information about the mess they left. This is what we inherited: we are 72nd on wastefulness of Government spending, behind Kazakhstan and Cambodia; 108th on Government debt, behind Malawi, Lesotho and, yes, you've guessed it, Libya; and—this is the best one—on the soundness of banks, we are 133rd. Our banks, under Labour, were less sound than those in Serbia, Estonia, Madagascar and Chad. That is the record we inherited from the Opposition, and we will not tire of reminding them.

Ways and Means

Financial Statement

Mr Deputy Speaker (Mr Lindsay Hoyle): Before I call the Chancellor of the Exchequer, it may be convenient to remind hon. Members that copies of the Budget resolutions will be available to them in the Vote Office at the end of the Chancellor's speech. It may be also appropriate to remind Members that it is not the norm to intervene either on the Chancellor of the Exchequer or on the Leader of the Opposition.

12.33 pm

The Chancellor of the Exchequer (Mr George Osborne): Last year's emergency Budget was about rescuing the nation's finances and paying for the mistakes of the past. Today's Budget is about reforming the nation's economy, so that we have enduring growth and jobs in the future; and it is about doing what we can to help families with the cost of living and the high price of oil.

We understand how difficult it is for so many people across our country right now. That we are able now to set off on the route from rescue to reform, and from reform to recovery, is because of the difficult decisions we have already taken.

Those decisions have brought economic stability, and without stability there can be no sustainable growth and no new jobs. Without stability, Governments have to keep coming back to their citizens for more—more taxes and more spending cuts. In Britain, we do not have to do that today.

We have inherited a record budget deficit, but we have set out a credible, comprehensive plan to deal with it. We have had to undertake difficult measures, but we have already asked the British people for what is needed, and today we do not need to ask for more.

So this is not a tax-raising Budget. But nor can we afford a giveaway. Taken together, the measures I will announce today are fiscally neutral across the period. This is a Budget built on sound money; a Budget that encourages enterprise; that supports exports, manufacturing and investment; that is based on robust independent figures: a Budget for making things, not for making things up. Britain has a plan, and we are sticking to it.

In recent months, many other countries have seen their ratings downgraded and their borrowing costs soar. Our country's fiscal plans have been strongly endorsed by the International Monetary Fund, by the European Commission, by the OECD, and by every reputable business body in Britain. For anyone who questions whether this matters in the real world, to real businesses and families, they should consider this. Market interest rates in Greece are at 12.5%, in Ireland they are close to 10%, and in Portugal and Spain they are 7% and 5%. Today our country's market interest rates have fallen to 3.6%. We have a higher deficit than Portugal, Greece and Spain, but we have virtually the same interest rates as Germany. This is our powerful monetary stimulus to our recovering economy. Stability, credibility, lower interest rates—that is what we have achieved.

But stability is not enough. So today, in addition to the Red Book, we are publishing "The Plan for Growth". For this Budget confronts the hard truth that has been ignored for too long. Britain has lost ground in the world's economy and needs to catch up. In the last decade, other nations have reduced their business tax rates, removed barriers to enterprise, improved education systems, reformed welfare systems and increased exports. Sadly, the reverse has happened in Britain. We gambled on a debt-fuelled model of growth that failed. With the state now accounting for almost half of all income, we simply cannot afford to go on like this. Britain has to earn its way in the modern world.

I turn to the forecasts. Last November, I told the House that the recovery was going to be more challenging than recoveries from recessions in recent decades. That is inevitable when we have had the sharpest fall in output since the 1930s, the highest budget deficit in our peacetime, and the largest banking crisis in our entire history. But I said that thanks to the course we have set, the independent forecast was for our economy to grow in each of the next five years, for unemployment to peak this year and then fall, and for employment to rise through this Parliament. That remains the case in the independent forecast we published today.

Those forecasts have been drawn up by the Office for Budget Responsibility. This important change has transformed the way Budgets are put together. So instead of Chancellors fixing the figures to fit the Budget, they now have to fix the Budget to fit the figures. Yesterday, the legislation to put the Office for Budget Responsibility on a permanent, statutory and independent footing received Royal Assent. I am sure that the whole House will want to thank Robert Chote, Steve Nickell, Graham Parker and their whole staff for the very professional job they are doing.

Let me start with their growth forecasts. It has been known for Chancellors in recent years to rattle these off at great speed in the hope that no one will keep up or notice. I will not do that. Although average quarterly growth this year is set to be higher than was previously forecast, the annual forecast for 2011 has been revised to 1.7%. This the OBR attributes specifically to the weaker-than-expected final quarter of last year, the rise in world commodity prices, and the higher-than-expected inflation in the UK. However, the OBR points out that the effect, in its words,

"creates scope for slightly stronger growth in later years"

than previously forecast. So while it expects real GDP growth of 2.5% next year, it forecasts it will then rise to 2.9% in 2013; to 2.9% in 2014; followed by 2.8% in 2015.

The European Commission has also this month published its growth forecasts. These show that the UK is forecast to grow more strongly in the coming year than Spain, Italy, France, the average for the eurozone and the average for the European Union.

All countries have to steer a course between two central risks: the risk of a European sovereign debt crisis on the one hand, and, on the other, the risk that comes from rising global commodity prices. Food prices around the world have increased by nearly 50% since the beginning of last year. Oil has risen by 35% in just five months. That is why the OBR expects inflation to remain between 4% and 5% for most of this year, before dropping to 2.5% next year and then to 2% in two years' time.

I have today written to the Governor of the Bank of England to confirm that the inflation target for the Monetary Policy Committee will remain at 2%, as measured

[Mr George Osborne]

by the consumer prices index. I can also confirm that the asset purchase facility set up by my predecessor will remain in place.

One cause of current instability is the conflict inside Libya. The whole House will praise the courage and professionalism of our armed forces, who are trying to bring that conflict to an end and save lives. I can confirm that the additional cost of military operations will be met entirely from the Treasury reserve.

The House will also know that last week I authorised for the UK to take part in a co-ordinated G7 currency intervention in support of the Japanese yen. Our hearts go out to the Japanese people, and this is one way in which Britain can help. It is still too early to say what lasting impacts the earthquake and tsunami will have on the world economy. But this is an opportunity for me to report that we had already decided to rebuild the UK's foreign currency reserves, which are at an historically low level. We will purchase a range of high-quality assets, although unfortunately, with the price of gold now at a record high, we will not be able to replenish the gold reserves sold at a record low.

I turn now to the fiscal forecasts for our debt and deficit. Borrowing to fund the deficit this year is now set to come in below target at £146 billion. It will then fall to £122 billion next year, then £101 billion the year after, then £70 billion in 2013-14, then £46 billion, and then £29 billion by 2015-16. Inflation has had its impact, but crucially, the OBR assesses that next year's structural deficit remains the same as forecast last November. In other words, the size of the task of repairing Britain's finances is unchanged. Our national debt, as a share of our national income, is forecast to be 60% this year, before peaking at 71%, and then starting to fall, reaching 69% by the end of the period.

This leads me to one of the central tasks of the OBR: that of assessing the Government's performance against their stated Budget goals in an open and independent way, so that we avoid repeating the disastrous experience of the so-called golden rule. Our fiscal mandate is to achieve a cyclically adjusted current balance by the end of the rolling five-year forecast period, which is currently 2015-16. We have supplemented that with a fixed target for debt, so that debt should be falling as a proportion of GDP by the year 2015-16 as well. I can report to the House that the OBR confirms that on its central forecast we will meet both these objectives—a balanced structural current budget and falling national debt—by the end of the Parliament. Indeed, the forecast remains that we will meet both these objectives one year earlier.

I said at the start that stability and fiscal responsibility were not enough. Our country has to compete if we are going to create growth and jobs. Britain has fallen behind many others in the world in the last decade. We have dropped from fourth to 12th place in the world global competitiveness league, and growth in our country has become so unbalanced. Consider this staggering truth: during the boom years before the bust, private sector employment actually fell in a region as important as the west midlands.

So today's Budget is an urgent call for action for Britain. Private sector growth must take the place of Government deficits. Prosperity must be shared across all parts of the UK. Yes, we want the City of London to remain the world's leading centre for financial services, but we should resolve that the rest of the country becomes a world leader in advanced manufacturing, life sciences, creative industries, business services, green energy and so much more. This is our vision for growth. Difficult decisions and major reforms are needed to make it happen, but the alternative is to accept Britain's economic decline and a continuing fall in living standards for our population, and that is not an alternative anyone in this House should be prepared to accept.

This Budget sets for Britain these four economic ambitions: that Britain should have the most competitive tax system in the G20; be the best place in Europe to start, finance and grow a business; be a more balanced economy, by encouraging exports and investment; and have a more educated work force who are the most flexible in Europe. Let me now set out the measures that will achieve these ambitions.

First, on taxation, here's the truth: Britain used to have the third lowest corporate tax rate in Europe. It now has the sixth highest. At the same time, our tax code has become so complex that it recently overtook India's to become the longest in the world. From Adam Smith to Nigel Lawson, people have set out the principles of good taxation, and this Government declare these principles again for the modern age. Our taxes should be efficient and support growth. They should be certain and predictable. They should be simple to understand and easy to comply with, and our tax system should be fair, reward work, support aspiration and ask the most from those who can most afford the most.

In July last year, we set up the Office of Tax Simplification to provide independent advice on how to reduce the complexity of the existing system. I want to thank Michael Jack and John Whiting for the work that they have done. Following their recommendations, I can announce today that this Budget abolishes no fewer than 43 complex reliefs. This includes the millennium gift aid system, which we will not need for another 989 years. However, I have decided not to follow their advice to abolish the community investment tax relief, and instead I encourage people to take it up. But this Budget, at a stroke, removes over 100 pages from our tax code and begins the work of simplification.

In the last Budget, I announced that from next month welfare payments and public service pensions would be uprated in line with the consumer prices index. I said at the time that we should also consider uprating the tax system in the same way, so from April 2012 the default indexation assumption for direct taxes will move to CPI. There will be protection through this Parliament for those eligible for age-related, married couple and blind person's allowances, and for employers' national insurance contributions. The increase in the personal tax allowance already announced will vastly exceed anything lost through employee NICs uprating, and that is even before any further increases in that allowance. This will bring coherence to the tax and benefit system, and we look to moving indirect taxes on to the same basis when the fiscal position allows.

But there is one further step that we want to undertake that will dramatically simplify the tax system. For decades, we have operated income tax and national insurance as two fundamentally different taxes and forced businesses large and small to operate two completely different systems of administration, with two different periods

and bases of charge. The resulting anomalies are legion, and it imposes totally unnecessary costs and complexity on employers and costs the taxpayer in the extra burden that it places on Her Majesty's Revenue and Customs. So I am announcing today that the Government will consult on merging the operation of national insurance and income tax.

I am not proposing that we extend national insurance to pensioners, or to other forms of income, or that we abolish the contributory principle. Our purpose is not to increase taxes; it is to simplify them, and this huge task will therefore require a great deal of consultation and take a number of years to complete, but it is time we took this historic step to simplify dramatically our tax system and make it fit for the modern age.

Making our tax system more competitive is another challenge for the times we live in. Again, let us face facts. Other countries are quite deliberately making their tax systems more competitive and attracting multinational companies away from the United Kingdom. We could stand there and do nothing, but increasing the living standards of every hard-pressed family in the country depends on keeping companies, and the jobs, the investment and the tax revenues that come with them, here in the United Kingdom. So we will go ahead with the highly competitive tax rate on profits derived from patents in industries like pharmaceuticals; we will fundamentally reform the complex rules for controlled foreign companies and make them more territorial; and we will introduce new rules that effectively apply an ultra-competitive 5.75% rate on overseas financing income. This will give us a far more attractive system than France, America or Germany. I want Britain to be the place international businesses go to, not the place that they leave.

But today I want to do even more, so I can announce that from April this year, corporation tax will be reduced not just by the 1% I previously announced, but by 2%, and it will continue to fall by 1% in each of the following three years, taking our corporate tax rate right down to 23%—16% lower than America, 11% lower than France and 7% lower than Germany—the lowest corporation tax in the G7. Let it be heard clearly around the world, from Shanghai to Seattle and from Stuttgart to Sao Paolo: Britain is open for business.

To ensure that this is not a net tax cut for banks, I am adjusting the bank levy rate next year to offset its effect. In each and every year of this Parliament, our permanent bank levy raises more in any one year than the last Parliament's bank taxes.

The most competitive tax system in the G20 is the first of our economic ambitions. The second is that Britain becomes the best place in Europe to start, finance and grow a business. Again, let us face facts: we are not that today. In the last decade, countries such as Germany, Denmark, Finland and the Netherlands have all overtaken us in the international rankings of competitiveness. That is not surprising when the total cost of regulation imposed on business since 1998 is almost £90 billion a year.

So in today's plan for growth, we take action: £350 million worth of specific regulations will go, including the costly dual discrimination rules in the Equality Act 2010. Lord Young's recommendations on health and safety laws will be implemented in full; the no-win, no-fee legal services that prey on employers will be restricted; existing regulation will be scrutinised in a public consultation process; and from April, we are going to impose a moratorium exempting all businesses employing fewer than 10 people, and all genuine start-ups, from new domestic regulation for the next three years. We will also take this fight against regulation to Brussels, where this week my right hon. Friend the Prime Minister will be recruiting other European allies to ensure that our continent does not price itself out of the world.

We are also going to tackle what every Government have identified as a chronic obstacle to economic growth in Britain, and what no Government have done anything about: the planning system. Councils are spending 13% more in real terms on planning permissions than they did five years ago, despite the fact that applications have fallen by a third. Yes, local communities should have a greater say in planning, but from today, we will expect all bodies involved in planning decisions to prioritise growth and jobs, and we will introduce a new presumption in favour of sustainable development, so that the default answer to development is yes. We will retain existing controls on green belt, but we will remove the nationally imposed targets on the use of previously developed land. We will also allow certain use class changes, introduce time limits on applications and pilot, for the first time ever, auctions of planning permission on land.

Cumbersome planning rules and bad regulation stand in the way of new jobs, and so too does the shortage of finance. Small businesses are the innocent victims of the credit crunch, and that is why we have agreed with the banks a 15% increase in the availability of credit to small businesses. But the lack of start-up capital has long been a problem in the British economy. Too often we have great ideas in Britain, but it is other countries that exploit them, so today I announce sweeping changes to improve the generosity, the simplicity and the reach of the enterprise investment scheme. From April this year, income tax relief will increase from 20% to 30%. Next year, we will double the amount that any individual can invest through EIS, increase the size of company that can qualify for investment, and raise the limit on the amount that can be invested in a company by 400%.

Next week, my right hon. Friends the Prime Minister and the Business Secretary will launch "Start-up Britain", a new campaign by entrepreneurs for entrepreneurs, supported by many of Britain's most successful firms, that will help people to start and grow businesses. Today we can add to that help. From 6 April this year, I am doubling the size of entrepreneur's relief to £10 million. Let Britain be the home of enterprise in an age when people can invest all over the world.

It is time too that we ended the uncertainty around the taxation of non-domiciles. They are welcome in this country, but I have always believed that they should pay something in return for their special tax status. The last Government followed our advice and introduced a £30,000 charge for those who had lived here for seven years. I think we can ask more from those who have been here even longer, so I am increasing the charge to £50,000 for non-doms who have been in the country for 12 years. This will raise over £200 million in the coming years but, in return, and to encourage investment in our country, I am removing the tax charge when non-doms remit foreign income or capital gains to the UK for the purpose of investing in a British business, and we will introduce a statutory residence test. To end the speculation

[Mr George Osborne]

and uncertainty, and to provide stability, I confirm that I will be making no further changes to the taxation of non-domiciles in this Parliament.

In an age when business and capital and people can increasingly move anywhere, high tax rates can do real damage. That is true for high corporate tax rates, and it is true for high personal tax rates too. They crush enterprise, undermine aspiration and often undermine tax revenues as people avoid them. I am clear that the 50% tax rate would do lasting damage to our economy if it were to become permanent. That is why I regard it as a temporary measure, just as my Labour predecessor, the right hon. Member for Edinburgh South West (Mr Darling), did when he introduced it. I have said before that now would not be the right time to remove it when we are asking others in our society on much lower incomes to make sacrifices, for we are all in this together, but I think it is sensible to see how much revenue it actually raises. I have asked Her Majesty's Revenue and Customs—*[Interruption.]* I have asked HMRC to find out the truth when the self-assessment forms start coming in.

Of course, taxation must be fair. It is right that the wealthiest should pay more than others, and it is especially wrong when they avoid taxes. I will have much more to say later on in this speech on tax avoidance and evasion, but there is one area that needs extra work in the coming months—the taxation of very high value property, where evasion and avoidance are widespread and some of the wealthiest are not paying their fair share. So as well as reviewing revenues from the 50p tax rate, we will also be redoubling our efforts to find ways of ensuring that owners of high value property cannot avoid paying their fair share.

Help for small businesses, a boost for enterprise, reforms to planning, and cuts to existing regulations and a moratorium on new ones, are all part of our ambition to make Britain the best place in Europe to start, grow and finance a business.

Our third ambition is to encourage investment and exports as a route to a more balanced economy for Britain. In "The Plan for Growth" that we publish today, we set out specific measures we can take to help a wide range of businesses. In life sciences, we will radically reduce the time it takes to get approval for clinical trials; in our digital and creative industries, we will improve the intellectual property regime; and in our professional and business services—one of our unsung success stories—we will reform our burdensome money laundering regime now, promote the UK as the global centre of legal arbitration, and launch a new, trusted business visa service.

Our retail sector includes many small shopkeepers who are anxious about the impact of coming business rate rises. The last Government planned that the current rate relief holiday for small businesses should end in October this year. I do not think that that would be right, so I can announce that, at a cost to the Exchequer of £370 million, I will extend the rate holiday for small businesses for another year to October 2012.

We will also take action to help the construction industry. Stamp duty will now be levied on the mean value of the houses being purchased within a portfolio, not the bulk cost, and real estate investment trusts will be simplified to encourage home building. But average mortgage deposits are close to 30%, and this puts home ownership beyond the reach of many, many families. This is not fair.

So I can announce today that, from the proceeds of this year's bank levy, we will fund a £250 million commitment to first-time buyers. A new shared equity scheme, First Buy, will be available for first-time buyers who want to purchase a newly built property, but who cannot afford the high deposits. This will help 10,000 families get on the housing ladder for the first time. The previous Government intended to end the temporary changes to the support for mortgage interest scheme next January. Instead, we will extend them for another year. That will reduce mortgage arrears for around 100,000 out-of-work home owners.

Manufacturing is crucial to the rebalancing of our economy. Over the last decade, the share of the economy accounted for by financial services increased by over two thirds, while manufacturing's share fell by almost a half. Under this Government, manufacturing is now growing at a record rate, and 14,000 more jobs have been created in the sector in the last three months. To help that continue, the Government are announcing plans today to make our export promotion more entrepreneurial and create new export credits to help smaller businesses; launch Britain's first technology and innovation centre for high-value manufacturing; and fund a further nine new university centres for innovative manufacturing.

Science is one area where Britain already has an advantage over many other countries, and it is central to our future as a place to create businesses. That is one reason why I protected the science budget from cuts last year. I can tell the House that I have been able to find—again from this year's extra bank levy—an additional £100 million to invest in new science facilities at the Babraham research campus in Cambridge, the Norwich research park for environmental and life sciences, the International Space Innovation Centre at Harwell, and the national science and innovation campus at Daresbury.

But if Britain is really to become a home of innovation, we want research and development to take place not just in our great universities, but in our smaller businesses too. One of our greatest high-tech innovators, James Dyson, has urged me to increase the support that they get. I have listened to him, and have gone even further than he recommends. From April this year, the small companies research and development tax credit will rise to 200%, and from next year it will rise again, to 225%.

We also want to encourage manufacturers to invest in the latest machinery and technology, so I propose to double the limit on capital allowances for short-life assets from four to eight years. We will also extend the allowance for the renovation of business premises in assisted areas—which was due to expire next year—for a further five years. Supporting the private sector across the whole of the United Kingdom is central to our economic ambitions.

Savings in the Department for Transport mean that we can also afford £200 million of additional investment in our regional railways. We will go ahead with the £85 million Ordsall chord scheme, linking Manchester's Victoria and Piccadilly stations and significantly reducing journey times between Liverpool and Leeds. We can commit—I know that hon. Members have been calling

for this, as we have just been hearing—to the Swindon-to-Kemble redoubling scheme, which will complement our electrification of the Great Western main line to Wales. We can also find another £100 million to help councils repair the winter potholes on our roads.

Helping all parts of our country to succeed is also the purpose behind the new enterprise zones that we launch today. There have been reports that we would be able to fund 10 new enterprise zones. Today I confirm that instead we will fund 21 new enterprise zones. Businesses will get up to a 100% discount on rates, new superfast broadband and the potential to use enhanced capital allowances in zones where there is a strong focus on manufacturing. In return for radically reduced planning restrictions, we will let local authorities keep all business rate growth in their zones for a period of at least 25 years to spend on development priorities.

The first 10 enterprise zones will be in urban areas of highest need, but also the highest potential. They will be in Birmingham and Solihull, Leeds, Liverpool, Greater Manchester, the Tees valley, Tyneside, the Bristol area, the black country, Derbyshire and Nottinghamshire, and Sheffield. Tomorrow, my right hon. Friends the Prime Minister and the Deputy Prime Minister will announce some of the specific locations of the new enterprise zones. I can confirm that a further zone will be located in London, where I have asked the Mayor to choose a suitable site. A further 10 enterprise zones will be announced in the summer. I want local enterprise partnerships all over the country to come forward with proposals.

Responsibilities are devolved in Northern Ireland, Scotland and Wales, so we will work with the Administrations so that they, too, can enjoy the benefits of this policy. In Northern Ireland, the Treasury will publish a paper tomorrow on how we help its private sector to grow. To deal with the unique issues posed by the Irish Republic's business tax regime, the paper will consider the case for Northern Ireland having an even lower rate of corporation tax than the rest of the UK. I look forward to engaging with all parties there on the way forward.

There is one other issue that affects a specific part of our country, and that is the very high water bills for customers in the south-west, because of the geography there, particularly for those on lower incomes. We will come forward with public money to help bring those bills down.

Let me turn now to the opportunity presented by the green energy revolution and our determination to be the greenest Government ever. We have already announced our ambitious renewable heat incentive and support for low-emission cars, and changes to the company car tax regime today will increase that support. Our green deal to reduce energy bills for homes will be introduced next year. I can confirm that we will act to incentivise and encourage its take-up. We are pioneering new carbon capture and storage technology, with £1 billion already provided. Future projects will be funded out of general spending rather than a complex new levy, but we need to take two further, bold steps if we are to make the green energy revolution a reality.

First, as I have long argued, investment in green energy will never be certain unless we bring some stability to the price of carbon. Today we become the first country in the world to introduce a carbon price floor for the power sector. The price will start at around £16 per tonne of carbon dioxide in 2013, and move to a target price of £30 per tonne in 2020. That will provide the incentive for billions of pounds of new investment in our dilapidated energy infrastructure. To ensure that customers get a fair deal, we will closely follow developments in the energy sector in the light of the Ofgem review published on Monday. At the same time, I am extending the climate change agreements to 2023 and increasing the climate change levy discount on electricity for those who sign up from 65% to 80% from April 2013. This will help our most energy-intensive industries. Green taxes will increase as a proportion of total tax revenues, as we promised.

The second bold step that we take today is the creation of the green investment bank, to support low-carbon investment where the returns are too long term or too risky for the market. We have already committed £1 billion to the bank; today I commit £2 billion more, funded from asset sales and underwritten by the Treasury. This will enable the green investment bank to start operation one year earlier than planned, in 2012. It will leverage an additional £15 billion of private sector investment in green projects over this Parliament. I can also confirm today that from 2015-16, and subject to our overall debt target being met, we will allow the green investment bank to borrow and invest in a better future.

So, a green investment bank with its resources trebled; a new carbon price floor; new capital allowances for manufacturing; new support for home builders and first-time buyers; an economy where growth happens across the country and across all sectors—that is our ambition.

That leads me to our fourth ambition: to create a more educated work force who are the most flexible in Europe. Britain's working-age population has lower skills than the populations of America, Germany and France, and that is probably the biggest problem facing our economy in the future. That is why we are undertaking far-reaching reform of our schools and universities, and funding a pupil premium and additional early-years support for our most disadvantaged children in poverty. It is also why we commissioned Alison Wolf's impressive report.

The Government are committed to funding new university technical colleges, which will provide 11 to 19-year-olds with vocational training that is among the best in the world. The curriculum is being developed in close co-ordination with both local universities and leading employers. I commend Ken Baker on getting the new colleges up and running in our manufacturing heartlands. To date, the Government have announced that we will fund 12 new university technical colleges. I can tell the House that we will provide funding to double that number to at least 24.

We will also deal directly with the challenge of youth unemployment that has been on a steady rise for the last seven years, and give people direct contact with the workplace. Instead of 20,000 young people benefiting from our new work experience scheme, as we planned, we will increase that number fivefold to 100,000 places over the next two years. In Austria, Germany and Switzerland, around one in four employers offer apprenticeships. In England fewer than one in 10 do. That has got to change, after 10 years of a Labour Government.

[Mr George Osborne]

Last year, my hon. Friend the Skills Minister published a skills strategy and confirmed the largest-ever expansion in adult apprenticeships. Today, I am funding another 40,000 apprenticeships for young unemployed people. There are currently only 1,500 higher level apprenticeships across the whole of England. This Budget provides for 10,000 more. That brings a total of 250,000 more apprenticeships over the next four years as a result of this Government's policies—a Government backing what works: real training, secure jobs and more growth.

We should not talk about those at the start of their working life without also talking about those who are coming to the end of their working lives and looking to retirement. I am very proud that it was this coalition Government who took the decision to re-link the basic state pension to earnings and guarantee its increase through a triple lock. This would simply not have been affordable, as Adair Turner's report argued, without an increase in the state pension age. The state pension age is set to rise to 66 by 2020. I can tell the House that we will now seek, hopefully with all-party support, a new, more automatic mechanism for future increases in the state pension age based on regular, independent reviews of longevity. This is another major reform that will help Britain to live within her means.

We also need to make sure that our public service pensions are fair to those who give their working lives to help others, and fair to the taxpayers who have to fund them. Today we publish the result of our consultation on the discount rate, which shows that a more appropriate rate would be inflation plus GDP growth. This reinforces our case for increasing the employee contributions by an average of 3%. Indeed, the new discount rate could be used to justify further contribution rises. As part of the wider reforms, I am not proposing to ask for more than the 3% average.

John Hutton has now completed his final report, which looks at the pension benefit. I am sure that Members in all parts of this House will want to thank him for a very impressive piece of work—*[Interruption.]* Or at least in part of the House. I confirm today that the Government accept Hutton's recommendations as a basis for consultation with public sector workers, unions and others. There should be no cherry-picking on either side. I believe that this House should also recommend similar changes to the pensions of MPs.

We should also address the state pension system, which has become unbelievably complex. If people cannot work out what they are going to get in retirement through the second state pension or how much will be clawed back by the means tests, then they cannot work out what they need to save. So the Pensions Minister, the Pensions Secretary and I have worked together to develop options including a new single-tier pension. It would be simple, it would be based on contributions, and it would be a flat rate, so people know what to expect—and it would cost no more than the current system. We currently estimate that this new single-tier state pension would be worth around £140 per week. It will not apply to current pensioners, and it will take years fully to come into effect.

As with the other major reforms that I have announced today to simplify our tax system, to improve our economic performance and to reform our public sector pensions, this Government are doing the right thing for the long term: the most competitive corporate taxes; the best place to start up and run a business; an investing, exporting, greener, manufacturing and more balanced economy; a better educated work force; a fairer pensions system. These are our ambitions for Britain, with the measures to match.

Let me now turn to personal taxes and duties, and let me start by noting that a society should not just be judged by the strength of its economy alone, but also by the compassion of its people—*[Interruption.]* Well, that is what I happen to think, anyway. The Culture Secretary and I have been working on a series of substantial reforms that will support giving, from the largest donations to the coins collected in the charity bucket.

First, we will dramatically simplify the administration of gift aid. Instead of asking charities to submit a written record of every donation made, we will by 2013 pay for a much easier online system. Secondly, we will encourage wealthy people in our society to give even more. The gift aid benefit limits will be increased from £500 to £2,500 so that charities and museums can say thank you properly. We will consult in the coming year on how to encourage the donations of pre-eminent works of art and historical objects to our nation in return for a tax deduction. We will introduce from April next year this major change to our inheritance tax system: if you leave 10% or more of your estate to charity, the Government will take 10% off your inheritance tax rate. Let us be clear. No beneficiaries will be better off as a result of this policy—just the charities, to the tune of £300 million. I want to make giving 10% of your legacy to charity the new norm in our country.

The third reform we make to the charitable taxes is about not the biggest donations but the smallest. We will introduce a new scheme where gift aid can be claimed on small donations, up to a total of £5,000 a year per charity, without the need for donors to fill in any forms at all. That means gift aid on the contents of the collecting tin and the street bucket, and 100,000 charities will benefit to the tune of £240 million. Together, these represent the most radical and most generous reforms to charitable giving for more than 20 years. Do the right thing for a charity, and the Government will do the right thing for you. It is a big help for the big society.

But our charity does not extend to those in our society who seek to avoid paying their fair share of taxes. Tax avoidance and evasion mean that we have to ask more from working families, and that is not fair. Unfortunately, not enough has been done in recent years to tackle this injustice. HMRC estimates that £14 billion was lost through avoidance and evasion in 2008. Today we publish our new strategy paper on tackling tax avoidance and we take specific measures to shut down the open abuses that have been allowed to continue for too long.

We will close down three forms of stamp duty land tax avoidance, tighten capital gains rules for companies, and end the practice of disguised remuneration, which sees highly paid employees offered tax-free, lifetime loans that are never repaid; and we are going to tackle the exploitation of low value consignment relief that has left our high street music stores fighting a losing battle with warehouses in the Channel Islands. In total, on the numbers audited by the independent OBR, the tax avoidance measures in this Budget raise around

£1 billion a year—that is £4 billion over the Parliament. We are doing more today to clamp down on tax avoidance than in any Budget in recent years.

That gives us more resources, in a fiscally neutral budget, to help those families who do pay their taxes, but who are struggling with the daily cost of living. We have already taken steps to help from this April. I am glad to report that, following measures in my Budget last year, every local authority in England has chosen to freeze council tax in the coming year. Compared with the amount that council tax could have risen by, this freeze will save a family in an average band D property £72 a year. In two weeks' time, the child tax credit for lower-income families will increase by an additional £255. I can confirm today that in the coming year all workers in the armed forces, the prison service and the NHS, and teachers and civil servants, earning £21,000 a year or less will receive a pay uplift of £250.

As I said last year, the national insurance rate rise that the last Government announced will have to go ahead, but because we have increased the threshold, it will actually be cheaper to employ people on incomes of less than £21,000 than it is today. That is how we have stopped Labour's jobs tax. Anyone earning less than £35,000 a year will also be better off because in 14 days' time, the personal income tax allowance—the amount people can earn tax free—will go up by £1,000. That is the largest rise in our history. That means, in real terms, around £160 extra per year or £200 in cash terms for 23 million taxpayers.

The coalition agreement commits this Government to real increases in the personal allowance each and every year and sets this country the goal that no one earning less than £10,000 should be caught in the income tax net. This Budget today takes another step towards that valuable goal. I can confirm that from April next year, the personal tax allowance will increase by a further £630 to £8,105. That is another real increase of £48 extra per year, or £126 in cash terms—together with this year's rise, a total of £326 extra money each year for those working hard to pay for their family's needs. It means that just 10 months into office, this coalition Government have taken 1.1 million low-paid people out of tax altogether. And one more thing: last year, we restricted the allowance increase to basic rate taxpayers; this year, we have not. The result is that no more people will be pulled into the higher rate tax band as a result of this Budget.

Let me turn now to excise duties—first, air passenger duty. Let me be straight with the House: we had hoped that we could replace the per passenger tax with a per plane tax. We have tried every possible option, but have reluctantly had to accept that all are currently illegal under international law. So we will work with others to try to get that law changed. In the meantime, we are consulting today on how to improve the existing and rather arbitrary bands that appear to believe that the Caribbean is further away than California. We will also seek to bring private jets, which pay no duty at all, into the scope of taxation. The wealthiest should not escape the tax that the ordinary holidaymaker has to pay. I can tell the House that with the hefty duty rise last year and with the cost pressures on families, we think it would be fair to delay this April's air passenger duty rise to next year.

Let me turn to duties on alcohol. We have already announced plans to increase duty on the strongest beers and cut in half the duty paid on low-alcohol beers. Beyond that, I can tell the House I have no further changes to announce to the rates of alcohol duty put in place by the previous Government. As usual, these changes will come in at midnight on Sunday. As announced again by my predecessor, tobacco duty rates will increase by 2% above inflation. However, it is clear that the structure of the tobacco duty regime is being exploited to produce cheaper cigarettes, so we will change the regime to narrow the differential between these lower-cost brands and the rest, and between cigarettes and hand-rolled tobacco. This will reduce smoking and improve our nation's health. These tobacco duty changes will come into effect at 6 pm this evening.

I turn now to other excise duties. Rates of vehicle excise duty will increase by inflation only and we will freeze rates for heavy goods vehicles to help our hauliers. I am also proposing to increase the approved mileage allowance payments. This mileage rate has not increased at all since 2002, making those who depend on their car for work increasingly worse off. It will now increase from 40p to 45p per mile and I can tell the House that we will extend this relief to cover volunteers travelling as passengers, as charities and others have been calling for for many years.

All other duty rises will remain exactly as planned by the previous Government—except fuel duty. The price of petrol has become a huge burden on families. In the last six months, the cost of filling up a family car such as a Ford Focus has increased by £10. This rise has also hit businesses hard, especially small businesses. It is important that when shocks like the steep rise in the oil price occur, a responsible Government are able to listen and respond.

Let us be clear about what is within our control and what is not, so that we do not raise false hopes. British Governments are not in charge of the world's oil price, and as we have seen, events like those in the middle east can push the cost of petrol at the pump higher. But British Governments are in charge of the duty that we levy on petrol, and the previous Cabinet put in place, before they left office, a new fuel duty escalator that involved seven fuel duty increases. Three have already taken place, adding just over 3p to the price of petrol. The third step on the escalator is due to come into effect next week, and that would add almost another 5p to the price of a litre of petrol.

I have made it clear that I would listen to the concerns put to me by so many people. Many have suggested that we should use the extra revenues we automatically get from the North sea. It is true that they go up when the oil price rises, but the OBR confirms that rising oil prices also cause other tax revenues across the rest of the economy to fall by a similar amount, and I am not prepared to undermine the public finances like that.

Others in this House have suggested that we create a separate VAT rate for petrol. The Treasury has examined this proposal. It would not fully offset the 5p rise that is coming, and it would take six years to come into effect—and that is because it turns out to be illegal. So I have decided to reject this approach and do something different.

[Mr George Osborne]

The North sea oil tax regime was most recently changed in 2006, when the price of oil stood at $66. It is now almost double that amount. That means that oil companies are making unexpected profits on oil prices that are far higher than those that they based their investment decisions on. Other oil-producing countries have a tax regime that automatically regulates returns when prices rise. We do not, and the North sea is too mature to introduce such a regime now. Instead, we can do something else: we can introduce a fair fuel stabiliser.

From tomorrow, the supplementary charge levied on oil and gas production will increase from 20% to 32%. Even after this, profits on a barrel of oil are forecast to be higher in the next five years than in the last five years, but this will raise an additional £2 billion of revenue, and we will use the new tax money to do this: first, we will delay the inflation rise in duty planned for next week until next year and also delay the April 2012 inflation rise until the following summer; secondly, the fuel duty escalator that adds an extra penny on top of inflation every year will be cancelled—not just for this year or next year, but for the rest of this Parliament.

But I do not want important investment in the North sea lost, so if the oil price sustains a fall below $75—and we will consult on the precise figure—we will reintroduce the escalator and reduce the new oil tax in proportion. That is how it will work: no escalator when the oil price is high; no extra tax on the profits of North sea oil companies if the oil price falls and stays low. That is the fair fuel stabiliser, and this is the result for Britain's hard-pressed families: I have made sure there will be no fuel duty rise this year; I have cancelled the fuel duty escalator when the oil price is high; and one final thing, as well as stopping these fuel duty rises, I am today cutting fuel duty by 1p per litre. This will take effect in petrol stations from 6 pm tonight.

I know that by itself this will not end the pressure on family budgets, but we have done what we can to help—help for families, help for businesses: a Government who listen and help. There were some who said that this year my job was to help families with the cost of living, but there were others who said, no, my task was to back enterprise, support business and undertake far-reaching reform to help the economy grow. It is the central understanding of this Government, and core to our strategy, that these are not two separate tasks: they are one and the same thing.

We are only going to raise the living standards of families if we have an economy that can compete in the modern age. So this is our plan for growth. We want the words:

"Made in Britain", "Created in Britain", "Designed in Britain" and "Invented in Britain"

to drive our nation forward—a Britain carried aloft by the march of the makers. That is how we will create jobs and support families. We have put fuel into the tank of the British economy. I commend this Budget to the House.

PROVISIONAL COLLECTION OF TAXES

Motion made, and Question put forthwith (Standing Order No. 51(2).

That pursuant to section 5 of the Provisional Collection of Taxes Act 1968, provisional statutory effect shall be given to the following motions:—

(a) Increase in rate of supplementary charge (Motion No. 8);

(b) Alcoholic liquor duties (rates) (Motion No. 10);

(c) Tobacco products duty (rates) (Motion No. 12);

(d) Amusement machine licence duty (amounts of duty) (Motion No. 13);

(e) Fuel duty (rates from 23 March 2011) (Motion No. 14);

(f) Stamp duty land tax (prevention of avoidance) (Motion No. 49).—*(Mr George Osborne.)*

Question agreed to.

Mr Deputy Speaker (Mr Lindsay Hoyle): I now call on the Chancellor of the Exchequer to move the motion entitled "Amendment of the Law". It is on that motion that the debate will take place today and on the succeeding days. The remaining motions will be put at the end of the Budget debate on Tuesday 29 March.

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Motion made, and Question proposed,

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation,

(b) for refunding an amount of tax,

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—*(Mr George Osborne.)*

1.32 pm

Edward Miliband (Doncaster North) (Lab): The Chancellor spoke for an hour, but one fact says it all, and he could not bring himself to mention it. Growth is down, last year, this year and next year. It is the same old Tories. It's hurting, but it isn't working.

What did the Chancellor say last year about growth? "Judge me on the figures." Well, judge him we will. Every time he comes to the House, growth is downgraded. Last June, 2011 growth was down from 2.6% to 2.3%. In November, it was down again. In January, what did the Prime Minister say? His three priorities for the year were growth, growth, growth. And what has happened in this Budget? Growth is down, down, down. Taking account of all the measures—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We should show the Leader of the Opposition the same courtesy that was shown to the Chancellor of the Exchequer.

Edward Miliband: What is the Chancellor's singular achievement? To deliver a budget for growth that downgrades the growth forecasts. Growth is down this year to 1.8%, and it is downgraded next year too. That did not happen by chance; it happened by choice—the Chancellor's choice—and it was the wrong choice: to go too far and too fast. In the Chancellor's own words in the June Budget, he chose to go £40 billion further and faster in tax rises and spending cuts than our plan to halve the deficit over four years. That pace of cuts has seen consumer confidence fall in almost every month since the general election.

In his first Budget, the Chancellor promised

"steady and sustained economic recovery".—[*Official Report*, 22 June 2010; Vol. 512, c. 168.]

When last September's growth figures were published, he took the credit. He called the figures "a vote of confidence" in the Government's economic policy. But when the economy contracted in the fourth quarter, what did he do? He blamed the snow. Even he must appreciate the irony. While the Prime Minister was grounded from his Christmas trip to Thailand, the Chancellor was on the piste in Klosters. I suppose it was the right type of snow for a ski-ing holiday; it was just the wrong kind of snow for our economy.

What is it about the British snow? There was worse snow in Germany, a big freeze in France, and in the United States the worst blizzards for decades. Despite all that, those country's economies grew in the fourth quarter. While our growth forecasts have worsened, theirs have improved. *[Interruption.]* The Chancellor should calm down a little. The German economy is forecast to grow more strongly than last year, and so is that of the United States. Growth in the world economy has been revised upwards. Which is the major country that is downgrading its growth forecasts? The United Kingdom. It is not the wrong type of snow that is to blame, but the wrong type of Chancellor—the wrong type of Chancellor in the wrong type of government with the wrong priorities for Britain—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Courtesy should be shown. The public out there also want to hear what the Opposition have to say. If there are Government Members who do not want to listen, will they please leave the Chamber? The public out there want to hear both sides of the argument. Some people may agree, and some may disagree.

Edward Miliband: Government Members shout and jeer, Mr Deputy Speaker, as unemployment hits a 17-year high. What more do we need to know about the Conservative party?

The Chancellor also promised in his June Budget that he would deliver "low inflation", and what has happened? Inflation has risen, month after month after month. That did not simply happen by accident. It is happening because the Chancellor made the wrong decision on VAT. Same old taxes, same old Tories.

The Chancellor promised us falling unemployment too, and what has happened since he delivered his first Budget? Over 60,000 more people are now looking for work. To this Tory Government, just like those of the past, unemployment is a price worth paying. People who heard the Chancellor's Budget speech today will wonder what world he was describing. *[Interruption.]* I think that the Chancellor should listen to this.

In the constituencies of more than 130 Members of Parliament, 10 people are chasing every vacancy. One in five young people is looking for work. Families are seeing their living standards squeezed, not just this year but year after year. What do the Government say to communities that are losing their jobs? Let me tell the House what they recently told the people of Newport, justifying the closure of their passport office. They said that the redundancy payments of the staff who were being sacked would provide a

"boost in trade for the local economy".

What kind of planet do these people live on? On growth, on inflation, on unemployment, on the promises that he made, the Chancellor could not bring himself to admit that his second Budget tells the story of the failure of his first. At this stage of the recovery, growth should be powering ahead and unemployment should be falling fast. Every month that unemployment is higher than it should be stores up long-term damage for our country. Every month when growth is lower than it should be, that hits the future potential of our economy. The problem is that, instead of admitting it, the Chancellor refuses to change course. What did the Energy Secretary say? If the figures change, the Government

"should not be lashed to the mast"

[Edward Miliband]

of their reckless gamble. They should be willing to change and to think again.

It is not as if the Government have not had practice in the U-turn business. Indeed, they are becoming past masters at it. On forests, school sport, housing benefit for those looking for work and even the vanity photographer, they have been forced to climb down. It is on this, the issue that matters most, that they are least willing to change. At the weekend we learned something new about the Chancellor. Apparently, his political aspiration is to be a blend of Nigel Lawson and Michael Heseltine. Another comparison springs to mind. We see the same hubris and arrogance that we saw in the early 1990s, the same broken promises, the same view that unemployment is "a price worth paying". The Chancellor is Norman Lamont with an iPod, and on his playlist, no doubt, is "Je Ne Regrette Rien".

This is not a growth Budget. It is not a jobs Budget. It is a Budget for more of the same, from a complacent, arrogant Chancellor in a complacent, arrogant Government. It's hurting, but it isn't working.

Let us not forget that these are not just the Chancellor's decisions, and they are not just the Prime Minister's decisions; they are the Deputy Prime Minister's decisions too. He is an accomplice to the Tory plan. When it comes to the economy, the man who coined the phrase "alarm-clock Britain" has the snooze button well and truly on. Nobody voted for this deficit plan, least of all his Liberal Democrat voters, who were told in promise after promise that he would never countenance it. If I can put it this way to him, it is no wonder nobody wants to share a platform with him.

On the measures in the Budget, I welcome the support for the armed forces, and on the measures the Chancellor proposes to support growth, we will look at them but there is little reason to believe they will make the difference to growth that we need. Indeed, the Justice Secretary fell asleep during the Chancellor's speech, his growth strategy was so compelling. The Office for Budget Responsibility has already factored in every single measure he has just announced, and it still produced today's downgraded growth forecast.

We cannot blame people for being sceptical when the Chancellor says he has a new flagship policy for growth, because they are asking what happened to his last flagship policy for growth at the centre of his June Budget. Does anyone remember the national insurance holiday? He was strangely silent about it today. In June, he took the credit at the Dispatch Box for helping 400,000 small firms, but how many have actually benefited? He has been strangely shy in revealing the figures, but someone let slip to the *Financial Times* that by mid-January it wasn't 400,000, it wasn't 40,000, it wasn't even 4,000; it was less than 0.5% of the number he promised, just 1,500 businesses.

On the Chancellor's incentives for small firms, we will look at the detail, but I have to say that his decision to cancel flexible working for families with children aged between 16 and 18 is extraordinary. This Prime Minister took the credit for championing that policy with Mumsnet, and then a few months later he takes the credit with small business for dumping it. We have to ask, has he got no shame? The idea that families needing flexibility imperil our economic future is, frankly, absurd, and it tells us all we need to know about this Government's values and how they think our economy succeeds: greater insecurity as the route to greater prosperity. We take a different view. Flexible working is yet another broken promise from the broken-promise Prime Minister.

While we are on the subject of broken promises, let us remember what the Prime Minister said before the election: he said he would be the banker basher in chief. The Chancellor made great play of that in his Budget speech, but the reality is this: last year Labour's bonus tax raised £3.5 billion—it is in the Red Book—and this year the bank levy raises just £1.9 billion; it is a Tory Government cutting taxes for the banks while they raise taxes for everybody else. He should have used the money from the bank levy to invest in the future jobs fund—which they abolished—to make a real difference to housing in this country and to boost enterprise.

They are failing on growth, and they are failing on living standards too. What did the Prime Minister say before the election to families receiving tax credits? He said that below £50,000 a year, their tax credits were safe. When Labour said otherwise, the Home Secretary said this:

> "That is a lie, and it is irresponsible for Labour to be...worrying families needlessly."

But what is the truth? Next year, over 1 million families with incomes as low as £26,000 will lose all their tax credits. The Government should be ashamed of their broken promises on tax credits.

That is part of the cost of living crisis they are imposing. The Chancellor trumpeted the rise in the personal allowance, and said everybody earning under £35,000 would be better off, but let us look at the facts. He came along in the June Budget and put up VAT, costing families £450 a year. Now he has the nerve to expect them to be grateful when he gives them a fraction of their own money back. What did the Institute for Fiscal Studies tell us this morning? It said:

> "there is an awful lot of giving with one hand...and taking away with lots and lots of other hands."

It is a classic Tory con.

What about their decision on petrol? The Chancellor has done the same thing again. He has cut duty by 1p, but he has whacked up VAT on fuel by 3p. Families won't be fooled; it's Del Boy economics. For a two-earner family, both on average wages, it will be 5p up in the basic rate of income tax and just 1p down next year. What do the British people know from history? They know that every Tory tax cut ends up costing them more; same old Tories, same old deceit.

We needed a Budget that changed the direction of economic policy. We needed a Budget that protected the promise of Britain that the next generation does better than the last. We needed a Budget that changed course on cutting too far and too fast. The Chancellor said at the weekend, with his customary modesty, that he had completed his rescue mission of the British economy. After this Budget, it is not the Chancellor who is rescuing the country; it is the country that needs rescuing from the Chancellor. When families look at this Budget—look at the squeeze on their living standards, look at the job losses in their communities—they will conclude: it's hurting but it isn't working.

Ian Murray (Edinburgh South) (Lab): On a point of order, Mr Deputy Speaker. A former Chancellor of the Exchequer, Mr Hugh Dalton, resigned in 1947 for leaking part of his Budget to a journalist when on the way into the Chamber to deliver it. Given that we have heard nothing in the Chancellor's statement today that had not already been trailed in the media on Monday, Tuesday and this morning, please will you, Mr Deputy Speaker, use the good offices of the Speaker to make sure that senior members of this Government make important statements to the House before going to the media?

Mr Deputy Speaker (Mr Lindsay Hoyle): The principle is clear, and it will have been heard by those on the Treasury Bench. We must now move on.

1.48 pm

Mr Andrew Tyrie (Chichester) (Con): This Budget will be judged on whether it keeps us on course to tackle the deficit, and on whether it provides a strategy to improve the long-run performance of the British economy. I will mention a number of concerns about the growth strategy shortly, but first let me say that we all need to be clear about one thing: we as a country are living beyond our means, with £1 in every £4 we spend being borrowed. That overshadows everything else today.

Despite all the clash of party cymbals, the gap between the parties on the scale of the action required to reduce the deficit is not so big; at least two thirds of the adjustment had been signalled by the previous Chancellor in his Budget a year ago, and I regret that he is not in the Chamber at present. It was courageous of him to set out that deficit reduction plan and those spending cuts before the election, but he did it, and today the current Chancellor has stuck to his plans to sort out the public finances. That has taken courage too, and he deserves our full support, as he has done the right thing.

I want to make three further points on the deficit. First, the Government are not reducing public expenditure to dangerous levels. At 40% of gross domestic product by the end of the Parliament, it will be returned to broadly the same level achieved by Labour in 2008. None the less—my second point—the retrenchment will feel more painful from this time on. The consolidation in each of the next three years, at about £25 billion to £30 billion a year, is three times the amount implemented in the first year of this Government.

The third point I wish to make on the deficit is that the pressure to flinch will now mount and we simply must not do so, for at least two reasons. First, doing so would cost the country a fortune in higher debt service costs as markets lost confidence in economic policy. Secondly, doing so would mean that the spending lobbies would have a field day and once they smelt blood the Government's economic strategy would be put severely at risk.

I wish to say a few words about the growth strategy. Today, the Chancellor announced a comprehensive new approach, containing many measures that we should welcome, not least the large list of deregulation measures he cited, the simplification of planning and the measures to improve access to start-up capital. On all those, it is essential that each part of the strategy is consistent with other parts of public policy. Individually, direct measures always sound attractive, but the test is whether they form a coherent strategy. On those grounds, I warmly welcome what amounts to a new agenda for tax reform to create the most competitive tax system in the advanced world. I particularly support the reductions in corporation tax, which will bring it down to 23% within a few years.

It is an absolute disgrace that the UK now has the longest tax code in the world. The complexity of the system is getting in the way of thousands of small businesses in our constituencies—these are the very people who can take us back to sustained growth. We must have a tax system that allows enterprise to flourish. A few weeks ago, the Treasury Committee published a report setting out the key principles that should underpin tax reform. I can summarise them briefly: let us have more simplicity, let us have more stability and let us have lower rates and fewer reliefs, where possible. I note that in this Budget the Chancellor has abolished 43 reliefs and got rid of 100 pages of the tax code, which is a huge step forward. Let us have less meddling in the tax system as well. The Chancellor appears to have set us out in the right direction and it will be for the Treasury Committee and others to judge whether his proposals match up to the principles set out in our report, which match closely what others in the tax advice industry have concluded as being the right way forward.

The Treasury Committee will also examine who gains and who loses from the Budget. Last year, the Committee demanded an unprecedented amount of detail on the distributional effects of the Budget and the Chancellor responded by publishing more information than had ever been provided by a Chancellor before—I commend him for that. This will be particularly important with respect to the plan to merge income tax and national insurance contributions. Successive Chancellors of the Exchequer have examined that beguiling idea closely and in the end rejected it, largely because it hits the incomes of certain groups in unexpected ways. Perhaps its time has come, and the Treasury Committee will take evidence on whether the time has indeed come to implement it. We should also examine a number of other proposals that may have long-term distributional impacts, among which is the encouragement of charitable giving with the sizeable extension of gift aid and the inheritance tax reliefs. I hope that the vast majority of us in the House welcome that too.

The Committee will also do its best to examine the coherence of some of the Chancellor's other measures when set against wider public policies. I can best illustrate that by alluding to points made to me by colleagues in the House in recent months. For example, the Chancellor announced the creation of 21 enterprise zones, which must be designed carefully to ensure that they create jobs and increase overall activity. The risk with such zones will always be that they distort activity at the boundaries and add no new jobs.

Robert Halfon (Harlow) (Con): I thank my hon. Friend for his thoughtful remarks. Does he not agree that the enterprise zones should be extended out of the cities and into towns such as Harlow, which has a strong scientific corridor?

Mr Tyrie: It just crosses my mind that my hon. Friend might have an interest in Harlow. The crucial issue is that if we are to create areas that have special

[Mr Tyrie]

reliefs, we must not inadvertently end up merely moving activity around the country while adding nothing to the overall welfare of UK Inc. That involves a difficult judgment and we need to look extremely carefully at it.

Jonathan Evans (Cardiff North) (Con): My hon. Friend will have heard the Chancellor say that discussions will take place on the position in Wales and Scotland. If the Welsh Assembly were not to follow this policy, the existence of an enterprise zone in the Bristol area might result in that very relocation to which my hon. Friend refers.

Mr Tyrie: I note what my hon. Friend says and think that careful account needs to be taken of those points.

Another area in which it is important to have coherent policy is on the cost of fuel. This Budget gives some relief on fuel duty rises, with the cancellation of the fuel duty escalator, among other things. However, while motoring bills are being reduced, other Government policies are putting up the cost of energy for a lot for businesses and home owners in other ways, not least through the price of electricity, and the cost of rail travel is also increasing. Does all this—a reduction for motorists, but an increase for rail users and much higher energy bills—form a coherent policy? I do not know, but that needs to be carefully examined, particularly in the light of the Chancellor's announcement of a floor price for carbon. All these issues need to be carefully examined, because a distortive energy policy will make Britain less competitive, particularly in our export markets.

In our efforts to return to sustained growth, we need to make the best use of every pound invested in our public services. Another example of the need to make sure we have coherence in growth policy has been put to me by colleagues on both sides of the House. They have asked whether spending £17 billion on a high-speed rail link is better use of the money than investing in modern rolling stock and improving the existing tracks. I suspect that millions of rail commuters who cannot currently get a seat and whose trains are unreliable and relatively slow will be interested in the answer to that question. I am very pleased that the Select Committee on Transport has just announced an inquiry into that matter, as a lot of people will await its outcome.

Steve Baker (Wycombe) (Con): Does my hon. Friend agree that high-speed rail has the potential to be a profoundly bad economic decision for the whole country?

Mr Tyrie: What I am trying to do is not answer the questions, but pose them for Select Committees and others to try to answer. I am trying to point out that in order to generate a coherent growth strategy, a large number of policies need to be looked at in the round to ensure that we are not wasting public resources.

Mr Andrew Love (Edmonton) (Lab/Co-op) *rose—*

Mr Tyrie: I shall give way to a fellow member of the Treasury Committee.

Mr Love: Does it not concern the hon. Gentleman that nothing has been said in today's Budget about the centrepiece of the Government's growth strategy—the national insurance holiday for small companies outside London and the south-east? Should we not know more about how that is going and whether it is, in any way, a success?

Mr Tyrie: That is an interesting point. As the hon. Gentleman knows, the Committee will be holding hearings next week and we will have an opportunity to take evidence on exactly that point.

I wish to draw my remarks to a close by observing that growth and the deficit reduction strategy—the two issues I have been discussing—will be one and the same thing if a reduction in the size of government allows room for the private sector to grow. I know that this is not something on which agreement will be reached across the House and that it is the very stuff of party politics, but I hope that Members sitting on the other side of the House will permit me to end with a personal view. Even if there were no deficit, we should still reduce public spending because at close to 50% of gross domestic product it is too high. It reduces choice and freedom for millions of individuals, and it burdens enterprises with unacceptable levels of taxation. During the 13 years of the previous Government, public spending averaged about 40% of GDP. I support this Government's plans to reduce it to that level again.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Many Members want to speak today—quite rightly—and we want to get as many in as possible. There is no time limit on speeches but brevity would help other people.

2 pm

Sir Stuart Bell (Middlesbrough) (Lab): I am grateful for the opportunity to speak early and to follow the hon. Member for Chichester (Mr Tyrie). He made three points that I would like to take up. First, he referred to the reduction in the deficit over the next four to five years and said that he thought that that would cause grave concern and bring great pressure to bear on the Government not to continue with the programme. He is perfectly right: £146 billion will be reduced to £122 billion, which will be reduced to £70 billion, which will be reduced to £26 billion in the years 2015-16. That is a massive and steep drop and will have serious consequences for the public sector, which the hon. Gentleman acknowledged.

In his Budget speech, the Chancellor did not mention the welfare state or the point on which the hon. Member for Chichester finished his speech, which is the balance between the public and private sectors. We will see a clear imbalance between the public and private sectors as regards the question of whether the public sector can shed jobs and whether they can go into the private sector. That is an interesting point that will be followed closely in the north-east of England, where some 47% of employment is in the public sector. We will then see the difficulties and dangers of moving quickly and rapidly with such a massive debt reduction over four to five years.

Harold Wilson once said that one man's pay rise was another man's ticket to the dole queue, but the deficit reduction we are talking about today involves one man's job passing from the public sector to the dole queue. I must tell the hon. Member for Chichester, since he made the point, that he must remember that those who

work in the public sector are producers who pay taxes and consume and to remove them from that sector with such a drastic and rapid reduction in the deficit will not add to the prosperity or standard of living of our people.

Mr John Redwood (Wokingham) (Con): The hon. Gentleman should remember that the Chancellor has announced today that over five years, this Government plan to borrow an additional £485 billion—or a 50% increase in official state debt. They are not paying down the deficit or paying off the debt—they are just trying to borrow a little less each year, but it is still adding a huge amount to the national mortgage.

Sir Stuart Bell: I was much amused when statements were made about how the debt was reduced, how much we had to pay off and how much the Labour Government borrowed. In the month of February, the Government borrowed £11 billion when they should have borrowed £8 billion. It is perfectly correct that we have mixed up the structural deficit with the overall deficit, but public spending will continue to go up. There was a certain sleight of hand from the Chancellor when he made his Budget speech.

Mr Kevan Jones (North Durham) (Lab): Does my hon. Friend agree that cutting public sector jobs has a direct effect on the private sector? I do not know whether he has seen the study modelling done by Durham university that shows that in the north-east, some 50,000 jobs will go because of public sector cuts, 20,000 of which will be in the private sector.

Sir Stuart Bell: I have seen that study. I have also seen the study by PricewaterhouseCoopers about the impact on the north-east of the various deficit reduction plans.

May I, without in the least way being sycophantic, congratulate the Leader of the Opposition? He made a short and precise speech but he hit every nail on the head that needed to be hit. Growth is down. Snow or no snow, we entered into zero growth in the last quarter. Where is growth going this year? It is at 1.7% for the year. How does that compare with Germany, where there is 3% growth?

Jesse Norman (Hereford and South Herefordshire) (Con): Will the hon. Gentleman enlighten the House about when in any recovery from any major asset-based deflation growth has returned within even a five or seven-year period? One thinks of the 1930s, and there was no return to growth until the end of that decade, and of Japan, where there was no return to growth until the beginning of this decade. How can he possibly attribute the situation as regards growth to this Government in such a way?

Sir Stuart Bell: I am grateful to the hon. Gentleman for his point, because we have argued consistently—and so has the international community—that we had a financial crisis from 2008 and 2009 and that out of that financial crisis, without referring to tsunamis or earthquakes, there have been many aftershocks and it will take much time to get over that. I agree with that point but it was not us who said that we would raise growth last year—it was the Conservative Government. The hon. Member for Chichester made an excellent point when he said, quite rightly, that under a Labour Government we had 40% debt in relation to gross domestic product. My recollection is that for some years it was 37% and it was the financial crisis that pushed it up to where it was.

Toby Perkins (Chesterfield) (Lab): Would my hon. Friend also say that what is particularly startling today is that, after all the measures we have heard from the Chancellor about in the Budget, the growth forecast has taken place as an after-effect? How bad would the growth forecast have been without those measures? It is still drastically down from what the Chancellor suggested that it would be when he delivered his previous Budget nine or 10 months ago.

Sir Stuart Bell: That is the point that the Leader of the Opposition made. I was reminded by those on the Front Bench—I had not got so far in my speech—that if growth is down, inflation is up. The Chancellor made a point about commodity prices going up. They are going up in France, where inflation is 2%. We have higher inflation because of the Government's policy. We have depreciated the value of our currency over a period of time by 25%. We have increased our exports but we have also increased our imports. Our imports are still greater than our exports. We are now importing inflation. The difference between French inflation at 2% and our inflation, which will run between 3.5% and 5%, is that we are importing it, because of Government policy.

Unemployment is going up; it is at a 17-year high. The Chancellor made a great thing about 3,000 jobs in the manufacturing sector, but he did not refer to all the jobs that have been lost. How many more jobs will be lost when we move into the cuts to local councils that will start on 1 April? How will Middlesbrough council cope with a 28% deficit reduction? How will the national health service cope? We know that we will lose at least 1,000 jobs in Middlesbrough and unemployment in my constituency is disgracefully high. We have the fourth highest unemployment rate in the country and that is wrong. It happened under a Labour Government and under a Tory Government. The cuts that are being announced and those that have been made through the massive deficit reduction programme announced by the Chancellor in his previous Budget will push us further down.

No reference was made, as I have said, to the welfare state. What happened to the welfare state? What happened to the balance between the public and private sectors? What happened to those who are unable to look after themselves? Where was all that in today's Budget?

David Rutley (Macclesfield) (Con): The hon. Gentleman has talked about what is happening in the north-east. In the north-west, we have seen public sector jobs increase by 100,000 between 1999 and 2009, whereas in the private sector, we have seen growth to the tune of 10,000 jobs in the same period. That is completely unsustainable. What are the Opposition's proposals to address that situation?

Sir Stuart Bell: That might be the figure in the hon. Gentleman's part of the world, but it might not be a figure in other parts of the world.

Let me get back to the point—we created a balance between the public sector and the private sector and we believed that that balance was right for our country. In

[Sir Stuart Bell]

the north-east of England, when we lost manufacturing jobs, steel jobs, coal jobs and shipbuilding jobs, they were absorbed into the public sector. Those who worked in the public sector created careers for themselves. My hon. Friend the Member for North Durham (Mr Jones) made this point: there was a relationship between the public and private sectors. They worked together.

Mr Stewart Jackson (Peterborough) (Con): The hon. Gentleman is being most generous in giving way. Can he explain why the Government whom he supported were running a structural deficit several years before the financial crisis?

Sir Stuart Bell: We had no difficulty with the structural deficit because we believed in infrastructure projects. We believed in public-private initiatives and off-balance sheet finance, which was exactly the same as what the Germans were doing. At the time, it was thought a fine way of doing things and it is still a fine way of doing things. In my constituency, we got the first public-private initiative in the James Cook university hospital, so we have nothing to regret about what is now called the structural deficit. As I said earlier, the structural deficit is like any other, it is part and parcel of the fullest objective. The right hon. Member for Wokingham (Mr Redwood) was right to say that, while we are tackling that particular deficit, public expenditure in other areas is going up. We need to get the balance right, but that is not happening at the moment.

The Chancellor said that we had moved from fourth in the league of competitiveness to 12th and made a big thing about competitiveness, but he did not mention the eurozone, not surprisingly. He did not mention the conference tomorrow and the day after when the 17 members of the eurozone will get together to create a competitiveness pact. Why are they doing that? Because they wish to increase their growth and exports, and we are in competition with them. We are in competition with Germany and France and we will be in competition with those other countries.

The Chancellor talked about Greece, Portugal and Spain, but why does the fourth-largest economy in the world have to compare itself with Greece, which has a deficit of 150% against gross domestic product, not the 60% or 50% we are talking about? Why does our nation state have to be compared with a small country such as Greece? On that basis, we had £67 billion-worth of deficit reduction in one Budget. Today, the Chancellor was very gracious in saying that, now he has taken all that money out of the economy, he will not take any more out. He might have said, "I'll do you all a favour: I've hit you on the head with one big hammer, so I'm not coming back with another." How gracious of him to destabilise, within the space of nine months, our economy. That is what he has done and is continuing to do. He will certainly rebalance the economy—away from the welfare state, the public sector and the work force of our country—and he will weaken the fabric of our country. He will weaken the standard of living of all our people.

Jesse Norman: It is not the Chancellor who has associated our economy with those of Portugal, Ireland, Greece and Spain, but the international markets. When the Governor of the Bank of England was before the Treasury Committee two weeks ago, he and his team confirmed that without a package of fiscal austerity measures, this country would be borrowing in the international markets at a rate 3% higher than we currently are. That is the Bank's official position and that is why those difficult measures have been taken.

Sir Stuart Bell: I am not going to go down the route that the shadow Chancellor of the Exchequer might have gone down at one stage of attacking or criticising the Governor of the Bank of England. That would not be appropriate for me. The advice that was given to the Government, when they came to government, was very severe and we were compared with Greece.

The hon. Member for Hereford and South Herefordshire (Jesse Norman) makes an interesting point. At what point in our history did we turn over our economy to the rating agencies instead of saying, "It's only the rating agencies". When the rating agencies call the Élysée palace, they have a fit of panic there, asking, "You're not going to reduce our rating are you?" Why did we, as a nation state, give our economy over to a rating agency—to Fitch, Moody's or Standard and Poor's? Where was the Chancellor of the Exchequer who stood up and said, "No, I am not going to do that"? The rating agencies had accepted the Labour Government's deficit reduction plan and were at ease with it. They were happy with the four-year programme and it was the current Government who fell back to the age of Lord Lamont and John Major, whom my right hon. Friend the Member for Doncaster North (Edward Miliband) has mentioned, and ideas such as, "If it's not hurting it's not working".

David Morris (Morecambe and Lunesdale) (Con): Does the hon. Gentleman agree that when John Major left office, he left us with no deficit, unlike the previous Government?

Sir Stuart Bell: That is not true and could not possibly be true.

I have just referred to the fact that we borrowed £11 billion in February alone. My point in relation to Lord Lamont and John Major is that if one takes every aspect of the Government's policy on competitiveness, growth, unemployment and inflation, one sees that they are falling back to where they were in the years between 1979 and 1983 and into 1992. So, it seems that the public sector and the welfare state do not count for much and that what counts is balancing the budget. I am surprised that the hon. Member for Chichester did not go one stage further and say that in five years we might adopt the German approach of balancing the budget completely.

I do not want to hold up the House for much longer, but I want to mention my constituency and say to the Chancellor that we are very grateful that we have an enterprise zone and a local enterprise partnership for Tees valley and that we will work closely with the Government on both of them. The mothballing of Redcar steel mill has been reversed and there is a new buyer taking it over. On Teesside, we will look to the Budget, the LEP, the new enterprise zone and the new steel mill, which will create jobs and bring in £600 million in investment. So, despite the cutbacks and the impact

on local councils, the future is bright for Teesside. I am happy to be confident in that future, notwithstanding all the blows that we will take over the next four years.

2.17 pm

Mr John Redwood (Wokingham) (Con): I remind the House that I offer industrial business advice to a Swedish, quoted international industrial group and investment advice to a British investment company.

Some Opposition Members have expressed displeasure that Government Members should have mentioned the circumstances in Greece and Portugal. The Opposition rightly remind us that we have a much bigger economy than those of Greece and Portugal and I am pleased to say that ours is also currently better managed. Those points are important because our public deficit was larger even than theirs, as a proportion of national income, when the big deficit reduction programme started. I praise my right hon. Friend the Chancellor for seeing that his single, central task, day in, day out, month in, month out, year in, year out—indeed, the five-year burden for all of us in the House—is to get that deficit down before it kills our public finances and our economy.

If anyone thinks there is no risk, I invite them to visit Greece, Portugal or Ireland and see what happens when a country ignores a deficit for the best of reasons and says, "I do want to spend a little more on a good public cause so I will borrow it to spend it." Of course, we all have great causes on which we would like to spend more money. Borrowing is so often the easy option, but when a country gets to the point at which it is borrowing too much, it does not just destroy the general economy and place too big a burden on those who have to pay the taxes and interest charges—in the end, it brings down the public sector as well, with far bigger cuts and far less favourable choices than we have when we take matters into our own hands by planning a steady deficit reduction.

We are debating, in a relatively civilised atmosphere and in a relatively sane and sensible way, an economic position about which there are strong disagreements. However, there is no overall disagreement about the imperative to avoid big rises in bond rates and interest rates and to get on with some kind of deficit reduction. It is particularly poignant that we are having this debate on the same day that the Portuguese Parliament is meeting to discuss not its first, second or third, but fourth package of emergency, deep, damaging public spending cuts and unaffordable tax increases. Such is the plight that its economy has been driven into by reckless overspending and too much borrowing and, of course, by being in the euro area.

Jesse Norman: Does my right hon. Friend agree that to answer the question of the hon. Member for Middlesbrough (Sir Stuart Bell), who asked when the rating agencies took over, one need go no further back than 1949, 1969, and 1976 to 1979, when there were runs on the foreign exchange markets under Labour Governments?

Mr Redwood: My hon. Friend is quite right, but the Labour party could point to one or two examples under Conservative Governments, so I do not want to be drawn too far down that historical path. We can see what we need to see by looking at the modern reality. As my right hon. Friend the Chancellor said, fortunately, British bond rates—the rate that we have to pay to borrow money for public purposes—are much closer to those in Germany than those in many other countries in Europe. They are under half the level of those in troubled Portugal. The Portuguese 10-year rates went above 8% today. I stress to beleaguered Portuguese parliamentarians, who are battling over whether a general election is the answer to their problems, that if they do not take dire and immediate action, their country simply will not be able to borrow at an affordable rate of interest. They cannot go on spending the extra 10% of national income that we are spending, which is borrowed, to tide us through and get us to better-managed times.

My right hon. Friend the Chancellor, having set out a pathway for tackling the deficit, was right to turn to the question of how he can accelerate growth. The truth of the five-year deficit programme is simple: we need well-above-average growth in the last three or four years of the programme to deliver the numbers in the Red Book, which are similar to those in the Chancellor's first edition of the Red Book last summer.

To remind the House of the scale of the task, the Government plan to spend £70 billion a year more, in cash terms, in the fifth year of the plan—2014-15—than in the last Labour year; that is not a big increase, but there will be pressures because of it. They plan to get the deficit down by increasing the tax revenue collected in the last year of the plan to an eye-watering £175 billion more than in the last Labour year. We believe that we have seen all the important tax rate rises that the Chancellor thinks are needed to do that; the rest depends on the above-average growth that is still in the official forecasts of the Office for Budget Responsibility.

Mr Love: As I understand it, the right hon. Gentleman is laying out why we need a credible reduction in our deficit in the light of the likely market reaction, but is he not concerned about the impact that any austerity programme might have? Although there has been only a limited impact so far in the United Kingdom, as in Greece and as is likely in Ireland, it may be too much, too soon.

Mr Redwood: That is absolutely right. The policies that Ireland, Greece and Portugal are being driven to may well not work because they are excessive, but that is the result of going into the euro and following the market pressures that that inevitably produces. I see some Labour Members trying to pretend that that is nothing to do with them, or looking the other way. I remember being a pretty lonely figure in the '90s when I said that we should never join the euro. I am pleased that my party now seems to be very broadly of that view, and I believe that the other two principal parties in the House have come round to the view that we certainly should not join the euro any time yet, but we have still to receive apologies from them. Surely they must now accept that if Britain had been driven into the euro, as they wanted, we would have broken the euro and broken ourselves. The euro could scarcely contain small economies the size of Greece, Portugal and Ireland, with their amount of debt; it certainly could not have contained Britain comfortably with the level of debt that the previous Government started to incur. It would have found the British banks over-mighty subjects, just as it is finding the Spanish banks rather difficult to tackle.

Sir Stuart Bell: I am glad that the right hon. Gentleman added the words "any time yet" to his remarks about joining the euro, because it is inevitable that, over many years, we will join the euro. Tomorrow and the day after, 17 euro states will get together and put forward a proper plan for competitiveness within the euro. For the first time in our history, the United Kingdom is excluded.

Mr Redwood: If those countries come up with good ideas, we can adopt them, and if they come up with bad ideas, we would be wise to sidestep them; that is exactly the freedom that I and others have argued for passionately over many years, and that the Government wish to enjoy if all goes well.

The hon. Gentleman also said that the reductions could prove difficult. Believe it or not, I did not become a Member of Parliament to have teachers sacked from my schools or doctors sacked from my surgeries; I want them to be well paid and well funded, and I want sensible growth in numbers where there is extra demand. We are all of that view—it is quite misleading of the Opposition to suggest that some of us do not appreciate that and do not want that for our constituents—but it has to be affordable. It has to be within the power of the free enterprise part of the economy to pay for that out of reasonable taxation in a way that does not damage our growth; that is so important.

The Government have managed to find an extra £70 billion of cash spending for the fifth year of the plan, compared with in the start year. It is crucial that we keep public sector costs down, so that the maximum amount possible can go to improving service and quality, and, in some cases, to improving the amount of service, and the minimum goes on extra costs and extra inefficiencies. All parties will say in office that they want more efficiently run public services, but they have to will not only the end but the means. That is why the reforms on which the Government are embarking are so important. It is crucial that the Government listen, and that sensible criticisms be taken on board, but public services have to be reformed so that we can say to people in five years' time, "You are getting more for that £70 billion. We haven't had to cut things that really matter, because we have managed things better and have found a bit of extra money."

Jesse Norman: Is my right hon. Friend aware of the enormous interest in the private finance initiative community in reform of the PFI? A succession of chief executives of PFI companies have asked me, "Why can we not be allowed to save money?" The reason is the enormously expensive procurement process. Not a single school has been built recently that does not have an atrium, and that is because it has been decided that schools, which have nothing to do with corporations, must have corporate atriums. Nothing could be sillier or more resistant to good Government spending.

Mr Redwood: My hon. Friend is quite right. Improving the quality and cost-effectiveness of our purchasing is crucial in Government. There are many opportunities; PFI and public-private partnerships provide some good examples, but so does general purchase. It would speed up the deficit reduction if there were a stronger moratorium on purchasing items and supplies where there are already stocks. Any company undertaking the kind of radical turnaround that the country is trying to achieve would immediately freeze all unnecessary purchases and make people run stocks down to save money.

Where I have had answers to my questions on this subject, I have found that the current rate of natural wastage of staff in core Departments is running at about 6% per annum; it was about 4% in the first eight months. Quite a number of those posts have been filled by taking on new people from outside. I urge my friends on the Front Bench to get more of a grip on that, because the easiest way of reducing the administrative overhead on the scale that they want—the least painful way for their staff, who need their morale to be up—is to not replace people who leave and not to make others redundant. We cannot afford the redundancies. If we make greater use of natural wastage, Ministers can say to their staff that it means better opportunities for promotion and a change of job. If the post vacated is not essential, it should be removed; if it is essential, we should appoint someone from inside and remove some other, less important, post. That surely is the civilised, sensible way to tackle the necessary task of cutting the administrative overhead. If the Government can cut their administrative overhead by the very large 30% that they are talking about, it takes the pressure off cuts in the areas where none of us wish to see them—in the schools and hospitals, the front-line services that matter so much.

The question that I was about to ask before the interventions was about the international context. How easy is it going to be for the Government to have the three or four years of above-average growth which are so crucial to the strategy? I must warn those on the Front Bench that I fear that the world background will get more difficult going into 2012 and 2013 than it is at present. There has been a prolonged boom in the emerging market world, and we now see China, India and Brazil lifting their interest rates to very high levels. They are desperately trying to squeeze inflation out of their system, so in a year or so we must anticipate some fall-off in demand and spending power growth rates in those big emerging market economies.

The United States economy will have a good year this year, by the looks of it, on the back of a lot of money printing, low interest rates and other matters. That comes to an end in the middle of this year, so by next year we will see a slower rate of growth in the United States of America as well. Were the situation in the middle east to get worse, and the damage from politics to spread into oilfields outside Libya, we could have another unpleasant external shock on the oil price, which would also serve to impede the growth of the world economy.

The conclusion that I take from this is that the world economy does not look as though it is going to go back into another deep recession—we are not going to have that kind of impossible situation—but the world economy is not going to provide the impetus that it is currently providing. It may not feel that great, but it is providing quite a bit of impetus at the moment. It will provide less impetus next year and beyond. That means that the Chancellor must intensify his pursuit of measures that make the UK that much more competitive and that much more successful.

Andrea Leadsom (South Northamptonshire) (Con): Will my right hon. Friend comment on the importance of improving our export position vis-à-vis the BRIC countries in particular—Brazil, Russia, India and China—and how important a part that could play in our recovery?

Mr Redwood: It is a good point. We have heard figures from the Government indicating that we export less to the BRIC countries combined than we do to Ireland, but we have a close relationship with Ireland and we are close neighbours. It is understandable that we export a lot to Ireland and it to us. That figure conceals one important point, which is that British business has probably been a little more active than it suggests, but for various reasons the larger British companies tend to go into India, Brazil and China and set up joint ventures or factories of their own there to service the local market. It is easier to service those markets in that way, for reasons that we need not go into in detail today, but I agree that it would be good if we exported more, and it would be good if we helped small and medium-sized enterprises that do not have the capability to set up factories on the other side of the world to export in their turn.

The devaluation that happened more than a year ago has given us one nasty result, which is a much higher inflation rate than comparable economies, but it has given us one pleasant result, which is that it is very easy to export out of a British base now because British industry is so much more competitive at the current level of the pound. We should have that on our side. Paradoxically, quite a bit of British business in the manufacturing sector is close to capacity, and those businesses are tending to put the prices up a bit to collect a little more revenue and improve their balance sheets because it is not that easy to expand turnover. That is where the things that the Chancellor is talking about are vital and need to be done speedily.

Britain needs to be able to put up factories more quickly and get them into use more quickly. It needs to define the skilled engineers and the other skilled individuals who want to work in an industrial setting rather than in an advisory or City setting, and then expand the capability of their companies as a result. Modern manufacturing requires a very high degree of skills input, talented people and good management. It does not require so many people to operate machines because really good manufacturing now is highly automated. It needs the precision of expensive machinery. Indeed, the easiest way to compete out of a German or a British base is to have highly automated plant, so labour costs are a rather unimportant part of the total cost. The intellectual property content, the skill content and the plant and equipment content are much higher, but they are affordable with a quality product.

Mr Graham Stuart (Beverley and Holderness) (Con): Further to my right hon. Friend's points, a director from JCB gave evidence to the Select Committee on Education yesterday and said that he had 57 vacancies for engineers that he cannot fill order to ensure that JCB's products remain globally competitive, reduce energy usage and so on. That, unfortunately, is a legacy of too many years in which we have not delivered the technical, vocational, practical education that is required. Is my right hon. Friend, like me, enthusiastic about the Government taking forward the programme from the Wolf review and supporting Lord Baker with his university technical colleges?

Mr Redwood: I am happy with those proposals. The Government are clearly on the right lines and I hope there will be cross-party agreement that we need to raise our game at skills, training and education, particularly in engineering, pharmaceuticals, chemistry and so forth, where we have an advantage and can have a much bigger advantage if we do more. Yes, we need to review how easy it is to buy or build a factory and how easy it is to equip it. Anything that can be done to lower the effect of tax rate on business will make Britain a much more attractive place to be.

As hon. Members know, I take the view that if we set lower rates, we normally collect a lot more revenue. If we want that kind of growth rate, the lower the realistic rate that we can set, the more revenue growth and the more overall growth we will have. It would be a great tragedy to abort the recovery in certain sectors because the tax rate was too high. I am pleased to see the progress on corporation tax. We need to see the details of some of the individual tax schemes and how the carbon tax rebate would work. If we went ahead as trailblazers in Britain and set a high carbon price, we would price our energy-intensive business out of Britain into a less clean or less acceptable venue. It is important that the rebates and discounts are properly thought through, so that at a time when the Government are trying to promote more industry, they are not taxing it too heavily.

Margot James (Stourbridge) (Con): On the competitiveness of British industry, my right hon. Friend has in the past talked of a cut in regulation being equivalent to a free tax cut. Does he welcome the measures in the Budget to have a low level of regulation for new start-up companies and small companies? Does he share my hope that Europe will become more competitive by reducing the regulatory burden that it seeks to impose on British business and business in other member states?

Mr Redwood: Of course I welcome that. One of the big barriers to entry and to more effective competition for the large companies in Britain is the weight of regulation, which hits anyone who tries to start up a new business. I have done it in the past and I know what it feels like. One has to raise a lot more extra money because for six months to a year one is just trying to comply in many areas before one can trade. Yes, of course we want sensible regulation. We do not believe in an unregulated world. We believe in the law of contract. We believe that people should have a duty of care towards their staff and their customers, but if there are too many and too detailed competing types of prescriptive regulation, it puts people off and they say, "It's too expensive. I can't be bothered."

Geraint Davies (Swansea West) (Lab/Co-op): But does the right hon. Gentleman agree that the issue for small business today is not so much regulation as liquidity and lending to SMEs by the banks? A constituent of mine, Alun Richards, is on hunger strike. He had a business with net assets and a limited amount of debt, and Lloyds bank came along and withdrew the debt. Now he is going bankrupt because he has no working capital. Does the right hon. Gentleman agree that that is disgraceful, particularly from a bank that is owned by the taxpayer? Poor old Alun Richards wants to run his business, not to be undermined by the banks. What are the Government doing about that?

Mr Redwood: Of course I agree that if there is a solvent and enterprising business and it is not getting proper banking facilities, that is very bad indeed. It is particularly bad if it is a state-owned or state-influenced bank that is responsible.

[Mr Redwood]

My final points are about banking, as time presses and many others want to speak. Of equal importance to the weighty matters covered by the Chancellor today will be the Vickers report and the Government's response to it. I believe that we will have interim conclusions from Sir John Vickers on 11 April. We are not going to have fast, sustained, above-average growth in this country unless we sort out the banks a little more than we have done so far. All colleagues in the House are united in having individual cases where they feel a company could have been saved or could have grown more rapidly if only there had been more sympathetic or understanding bank managers and facilities. There is a problem with British banking serving the SME sector town by town, county by county. There is a lot of talent in the banks, concentrated at the national level and in the big national accounts. Many hon. Members like to knock those people, but they made an important contribution to the growth rate under the previous Government and to our economy.

Andrea Leadsom: In the last quarter of 2010, lending to the SME sector dropped by 38% from the last quarter of 2008. One of my big concerns is that this reflects the incredible concentration of SME lending among the four or five largest banks, which are responsible for around 90% of all SME lending. Does my right hon. Friend agree that the work of the Vickers commission and the Treasury Committee should focus on breaking up the oligopolistic positions of some of those big banks?

Mr Redwood: I certainly hope that when we see the Vickers report and have a proper debate on it we will be able to find sensible ways of promoting much more competition in the domestic banking market. We need more competition on the high street for individuals and families and more competition in town centres for SMEs, which in previous generations probably had better and more direct relationships with local bank managers, who had a bit more authority to grant loans and make money available on judgment than is currently the case through the box-ticking, centralised computer systems.

Geraint Davies: In that case, and given the last intervention, does the right hon. Gentleman agree that perhaps the Budget should have introduced tax relief or tax credits for individuals wanting to invest in SMEs, because venture capitalists want too high a return and the banks are failing the small business sector? We want an inclusive economy. Surely there should have been some support for SMEs so that we could all invest in small businesses more effectively.

Mr Redwood: That is exactly what the Budget contained. I think there was a revamped and revised enterprise investment scheme and an improvement in the capital gains treatment for successful entrepreneurs. It is always nice for new people setting up small businesses to be able to dream, and why should those of them who are successful not keep the proceeds if they have created jobs and done so much?

The outcome of the Budget will depend on two important considerations: whether we can put enough measures in place along the lines that the Chancellor has laid out for promoting growth; and whether there is a happy and sensible resolution to the banking problems as they affect SMEs and the wider public in Britain. There has been much discussion of the big banks, the investment banks and all those sorts of issues, but we now need to laser in on how the banks serve local communities and the SME sector. We need a more pro-competitive answer. I have some thoughts on how we could do that, but will not detain the House with them because today is not the day for that. However, without such measures the Budget will find it difficult to deliver the very large figures for increased revenue on which the whole plan rests.

2.43 pm

Sammy Wilson (East Antrim) (DUP): I appreciate being called so early in the debate, Mr Deputy Speaker. In Northern Ireland we are in competition with neither the Conservative party nor the Liberal Democrats when it comes to elections, so I suppose I can afford to be a little more objective in my assessment of the Budget. As we know, the allies of the Conservative party in Northern Ireland have now abandoned them, and the hon. Member for Belfast East (Naomi Long), who had some association with the Lib Dems, has abandoned them since coming to the House, so I hope that I can be objective on this.

The Chancellor made it clear in his speech today that his ambition for the Budget is that it should promote growth in the economy, and I wish him well in that. Coming from a part of the United Kingdom where growth has been most sluggish and, as a result, unemployment is rising faster than in any other part of the UK, I know that success for the Chancellor will mean success for our economy. It will reduce the deficit so that huge resources will not go simply on paying interest, put people back into work, increase living standards and, in the long run, provide funding for vital public services.

I wish the Chancellor well in that, but I think it is a little ironic that the Budget has been headlined as a Budget for growth, because one of its major statistical announcements is that growth forecasts have been downgraded once again. Indeed, the Chancellor optimistically indicated last June, and again in October, that the measures he would undertake would give us growth of around 2.5% or 2.3%, but in the six months since then we have had a 33% reduction in his forecast. There is a certain degree of irony in that, which is one of the reasons I believe that some of the criticisms that have come from the Opposition about the speed and depth of deficit reduction have some merit. I remember that when I used to teach economics I would say that there are always two sides to the economic growth coin. First, there is the question of how to increase the economy's potential to produce more. If we do not increase potential, once demand goes up, all we get is inflation, or we will suck in imports.

The Chancellor outlined a number of measures today—I will not go through them all—some of which are contradictory. The measure that he held out as the beacon at the start of his speech was the decrease in corporation tax, which he argued will give firms the ability to keep more profits and, therefore, the opportunity to invest in new equipment, new markets or research and development. According to the Red Book, the decrease in corporation tax should put £1.075 billion

into the coffers of companies over the next five years, so it could certainly be argued that the Chancellor has released resources for companies to invest if they choose to do so.

However, on the next page we see that, as a result of wanting to be a trendy green, or I suspect of looking for a stealth tax, he is imposing a carbon floor price. By 2015, all the additional revenue that firms will have from the decrease in corporation tax will be more than absorbed in the carbon price floor tax—£1.41 billion. On the surface, the measure appears to be a way of releasing resources to companies, but closer examination shows that companies will not be much better equipped.

Stephen Williams (Bristol West) (LD): Will the hon. Gentleman concede that the whole purpose of a carbon tax is to incentivise firms to change their behaviour so that those that do change their behaviour by producing goods more sustainably will pay less carbon tax and benefit from reduced corporation tax and those that do not will pay more?

Sammy Wilson: That is clearly not what the Chancellor intends, because he hopes to raise £1.4 billion. If the hon. Gentleman is saying that this is all about changing behaviour so that firms do not get the money, there is an immediate hole in the figures the Chancellor is presenting to the House today. I suspect that it is not all about that at all, but is another way of raising tax. What appears on the surface to be a good supply-side measure will be more than offset by some of the other measures undertaken. Of course, the kinds of firms that are most likely to be hit by this are the very firms that the Chancellor says he wishes to promote: those in manufacturing industry. The service industry will not be hit by those measures as much as manufacturing will, and, given Northern Ireland's reliance on gas and oil to fuel and power manufacturing industry, and the fact that our energy costs are already higher than in other parts of the United Kingdom, that will gravely disadvantage manufacturing firms in Northern Ireland, at the very time when the Executive in Northern Ireland is trying to rebalance the economy.

Sajid Javid (Bromsgrove) (Con): The hon. Gentleman started his speech by saying that he would provide a more objective analysis, and I was excited by that. In that vein, does he accept that the Chancellor's announcement that, for the first time, as a major departure from corporation tax policy, he would consider a separate tax rate for Northern Ireland, making the whole Province an enterprise zone, is very welcome and could help with some of the things that the hon. Gentleman is pointing out?

Sammy Wilson: I wish to come to that point later, but I hope the hon. Gentleman will accept that my comments so far, at least, have been objective, because they are based on the figures that the Chancellor has provided.

The Chancellor talked about another measure today for encouraging growth, the enterprise zones that the hon. Gentleman mentions. When we look at the figures in the Red Book, however, we find that in the first year, 21 enterprise zones will eventually be in place but the money made available to businesses as a result of tax exemption will amount to £20 million. By the final year, the figure will be £80 million, and I do not know whether £4 million in each zone will generate a great deal in additional output.

Mr Kevan Jones: In 2009-10, the budget for the nine regional development agencies in the UK was £2.2 billion.

Sammy Wilson: That probably puts it all in perspective. The measure looks good in the Chancellor's speech, but, when one looks at the resources that it releases, which in turn are supposed to increase the willingness of firms to invest and the productive potential of the economy, one sees just how miniscule it is, and we have to judge whether it will make a very great impact.

Mr Nigel Dodds (Belfast North) (DUP): My hon. Friend speaks with great expertise as the Minister for Finance in Northern Ireland, and I congratulated him on the production of his budget there just a few weeks ago. Does he share my concern at the response from the Secretary of State for Northern Ireland, during Northern Ireland questions? When asked about the enterprise zone and the real substantive changes, he said that it was really a phrase he had been using to "cover"—that is the word he used—the idea of Northern Ireland being more open for business in relation to corporation tax. Does my hon. Friend share my concern that, in Northern Ireland, there might not be much substance to that phrase?

Sammy Wilson: My fear is that, not just in Northern Ireland but throughout the United Kingdom, the measure will be more like a branding exercise and good for a soundbite, rather than something that will have any real impact. I hope that the measure has an impact, but, if I look at the amount of resources that will go into the zones, and at what really is required to lift such areas, I fear that it will not.

Other changes have been mentioned, such as those to the tax structure, and I noted what the Chancellor said, but some of them might not include extensive consultation—the issue is complex—and might be years away. So, again, they look good in the Budget, but what is the immediate impact going to be?

Helen Goodman (Bishop Auckland) (Lab): On that point, it is interesting to look at the changes to national insurance contributions, which are forecast to have an impact right out to 2016, because they show that the proposed bringing together of the two taxes—national insurance and income tax—will not happen for at least five years.

Sammy Wilson: I hope I am not quoting the Chancellor wrongly, but I think he talked about nine years in the future before those changes have an impact, so again we have to ask, "What is the impact going to be?"

Dr William McCrea (South Antrim) (DUP): Does my hon. Friend agree that the Chancellor missed a vital opportunity for the Northern Ireland economy today? Does my hon. Friend think it right that a £7.5 billion loan from the British Exchequer to the Government of the Irish Republic should be used to enable that Government to abolish air passenger duty, which in turn gives them an unprecedented competitive edge on flights, bearing in mind that it impacts on my constituency and the international airport in it?

Sammy Wilson: I am a bit miffed, because I wanted to use that point later in my speech, so I will have to scribble it out. When we look at some of the issues,

[Sammy Wilson]

whether they are the delays, the amount of money being put in, the offsetting of increases in taxation when some tax cuts have been made, the regulations or the consultation that has still to take place with Europe to see whether we can reduce red tape, we have to ask whether the predictions for future growth based on the supply-side measures in the Budget are as fragile as the autumn predictions that were wiped out by a fall of snow. If that is how fragile the predictions are, then I have concerns.

There is another side to the coin, because not only do we have to increase the productive potential of the economy, but people must be willing to purchase the goods that can be produced, and aggregate demand can be made up of several different factors. The Government have already ruled out one for very good reasons, and I accept that the deficit has to be reduced. I may have some issues about how quickly it is being reduced, but the one thing we do know is that Government spending is not going to take up the slack that already exists in the economy.

Consumer spending is not going to take up the slack, either, because the Chancellor made it quite clear that he would not make any tax giveaways. Indeed, if one looks at what he said about the indexation of direct taxes, one finds that he has now built automatic increases into the tax system for the next four years. There will not be discretion on a year-to-year basis; inflationary increases are now built into the tax system.

That leaves investment demand and exports, and it seems that the Chancellor is emphasising the role of exports. Given that over the past year and a half the exchange rate has fallen by 20%, our export growth is still one of the weakest among the OECD countries. Investment might improve competitiveness, but the only direct measure that the Chancellor has produced today is the export credit guarantee. I have quickly looked through the Red Book to see how much the guarantee involves, and I cannot get a figure, but that is the only measure to increase the one component of aggregate demand on which the Chancellor is relying to improve growth in the economy.

If we look at the supply-side measures and the lack of demand-side measures, we have to ask, "Can we really be confident that this is a Budget for growth?" The conclusion that I come to—not because I want to take a pot-shot at the Government, but because I want to get in behind the figures to see whether the hope being held out is genuine—is that I am left with some concerns.

Mr Graham Stuart: The hon. Gentleman is right to be sombre because of the situation the country is in. The Chancellor mentioned what is happening in other countries, and we are in a fragile position because of the appalling inheritance. The growth predictions, however, are no longer the predictions of a politician; they are the predictions of the OBR. We are in a very fragile state, and it is no wonder that predictions change, but the prediction is that over this Parliament this country's growth will be higher than the EU average. That, considering where we started, would not mean golden times, but it would be a solid achievement.

Sammy Wilson: Of course, the earlier growth figures were also OBR-ified, if one wants to use that term, yet they did not prove to be realisable over a six-month period. We cannot simply rely on the assurances that the OBR has looked at the figures and thinks they are okay, as there could well be a revision. I am merely pointing to some aspects within the Budget document that give me cause for concern as to whether these growth figures can be achieved. If they cannot, there are implications for the deficit, for employment, for living standards, and for the ability to provide public services in future.

Let me turn to some of the measures that apply to Northern Ireland. As we heard in an earlier intervention, tomorrow morning an announcement will be made about the corporation tax proposals for Northern Ireland. I am waiting to see that. I have no doubt that the ability of the Northern Ireland Administration to reduce corporation tax could be a useful lever. As a Unionist—I know that the hon. Member for Dundee East (Stewart Hosie) will probably be totally appalled that anyone from a devolved Administration should say this—I do not want to see huge fiscal powers devolved to Northern Ireland. I am part of the United Kingdom, I want to remain part of the United Kingdom, and I wish fiscal powers to stay part of the United Kingdom.

There has been a groundswell of opinion for some variation in corporation tax; indeed, the Secretary of State for Northern Ireland has been very enthusiastic about it. However, there is no point in devolving corporation tax if the price tag attached is such that it savages public expenditure, which has already suffered a huge cut as a result of the Budget decisions made last October. There would be a gestation period between a reduction in corporation tax and the impact on jobs on the ground, whereas any cut in public spending or in the block grant would take immediate effect. There would be no increase in private sector employment, together with an immediate decrease in public sector employment, and that cannot be good for economic recovery.

I fear that the figures in the document that we have tomorrow will be neither a fair reflection of the cost of devolving corporation tax to Northern Ireland nor the kind of opportunity and offer that would be attractive to the Northern Ireland Administration. We will want to see that the Treasury and the Government have not made a savage reduction in the block grant even though it bears no relation to what the real cost of devolving corporation tax might be.

Mr Dodds: Does my hon. Friend agree that there is a supreme irony in the fact that as part of the conditions for the bail-out of the Irish Republic—£6 billion of UK taxpayers' money—the Irish Republic insisted that its corporation tax rate would stay at 12.5%, yet Northern Ireland, which, uniquely within the United Kingdom, is in direct competition with the Irish Republic, would be allowed to reduce its corporation tax but would not receive any similar subsidy from the UK Treasury, whereas the subsidy is going directly to the Irish Republic?

Sammy Wilson: We can see how the bail-out of the Irish Republic conflicts with what is happening in Northern Ireland. My hon. Friend the Member for South Antrim (Dr McCrea) mentioned air passenger duty. I am disappointed about this because the Chancellor could have done something about it. In particular, the one flight between Northern Ireland and North America is very important in attracting not only tourists but inward

investment. A sum of £2.1 million would have ensured that that flight continues, yet the Chancellor did not find that he could allow for regional variation. There are precedents for that because regional variations are allowed for Scotland. The irony is that the Irish Government, using the £7.5 billion that was obtained from the United Kingdom, are now going to abolish air passenger duty, which places them at an even more positive advantage regarding the service that flies from Northern Ireland.

Mark Durkan (Foyle) (SDLP): Will the hon. Gentleman acknowledge that the Irish Government had made the decision about air passenger duty before any loan facility was agreed with the UK Government—and I stress that it is a loan facility?

Sammy Wilson: I find it strange that the hon. Gentleman should want to apologise for the Irish Republic, which is in direct competition with the economy of the area that he represents, but we will leave it to his constituents to question him about that.

The Chancellor has made much of the fuel duty escalator. Northern Ireland does not have the highest fuel prices in the United Kingdom, but it certainly has the second highest, and we also have the problem of the border with the Irish Republic. I would have hoped that the Chancellor would come through on the promise that he made when he was in opposition. We have a promise that future price increases will be deferred, but the impact on current prices will be very slight. That leaves Northern Ireland, with its high dependence on road transport for its manufactured goods and its dispersed rural nature, at a disadvantage.

I acknowledge that the Government have responded to some developments recently. I look forward to seeing the outcome of the aggregates levy and the allowance that has been made. I welcome the fact that the loan facility for the Presbyterian Mutual Society has been built into the Budget. In his concluding remarks, the Chancellor said that he would put the fuel in the tank of the British economy so that it could drive forward. I may be about to show my age, but I hope that it is a tiger in the tank so that we finish up with a tiger economy. I fear that we are going to run out of fuel very quickly, and we will all be poorer for it.

3.7 pm

Mr Robert Syms (Poole) (Con): I should like to draw Members' attention to my declaration in the Register of Members' Financial Interests in case I stray into the subject of property or something similar.

The situation at the end of the previous Government's time in office was unprecedented in international terms. The way that they handled things in their last 18 months was not too bad. They went down to 0.5% interest rates, allowed the automatic stabilisers to come in, and allowed the pound to devalue, as we could because we still control our own monetary policy. Everything possible was done to adjust to the dire situation in the banking system.

To be less complimentary, the regulatory regime that allowed the banks to do some of the things that they did was set by the former Prime Minister when he was Chancellor by taking powers away from the Bank of England. That was a retrograde step, and I am glad that the current Government are reviewing it. Before we hit trouble, the deficit was 3%, whereas the German economy had a surplus of 3%. The difference that we can see today is that the Germans have a deficit of 5% or 6%, while we have one of nearer to 10%. That means that the adjustments we will have to make over the next four or five years will be much more difficult, and it will take longer to get there.

Mr Kevan Jones: I accept the hon. Gentleman's point about bank regulation, but he has a very short memory, because I remember being in this House when the current Chancellor and Prime Minister were calling for more light-touch regulation of the financial industry, not for more regulation, as they seem to be doing now.

Mr Syms: It was nothing to do with light-touch regulation; in fact, we needed more competent regulation. The Financial Services Authority was not up to the job, and the Bank of England would have done a better one.

The key thing is that we now have a great imbalance in our economy. Over the long term, Britain has always tended to have public spending of about 40% of GDP, taxation of about 40% of GDP, and a national debt of about 40% of GDP. We have always managed to grow and export, and to be a fairly successful economy. We now have to yank public spending and the deficit back to those sorts of levels. As was pointed out earlier in the debate, even after five or six years, we will only be back down to where we were towards the end of the Labour Government when we had to go into deficit to deal with the difficult economic situation.

I think that the Government's response is sensible. It is planned over five or six years, and is gradual. For all the talk of expenditure cuts, the expenditure cuts will be gradual over that period. The plan, as the Chancellor set out today, is for the economy to grow. That should generate more tax revenue. The difficulty, of course, is that we will have to raise taxation, as can be seen in the plans, to help balance the budget. I hope that that is more of a short term, rather than a medium to long term thing, because we need to build incentives back into the British economy.

Helen Goodman: On that point, has the hon. Gentleman not noticed that table 2.1 on page 42 of the Red Book shows that, over that period, personal tax allowances will increase substantially, because the switch to CPI and the changes to national insurance outweigh significantly—by several hundred million pounds—the increase in personal allowances that the Chancellor made? This is a tax-raising Budget, not a neutral Budget as he said.

Mr Syms: The key fact is that the Government whom the hon. Lady supported left us with massive debts. There is no honest or honourable way in which we can deal with that problem, other than taking tough decisions, which will involve many of our constituents paying considerably more money. Over the next five years, unfortunately, more money will come in through taxation. There is no way around that. That is the legacy that Labour has left us. If we want to be responsible, to get the economy back into balance and to have long-term economic growth, we have no choice but to take tough measures.

Richard Fuller (Bedford) (Con): Does my hon. Friend agree that the previous Government were the worst villains in fiscal drag that this country has ever seen? They failed to raise thresholds year after year, and dragged many taxpayers into higher income tax brackets.

Mr Syms: My hon. Friend makes a good point. I welcome what the Chancellor has done with the personal allowance and the £10,000 target. If a central part of the Government's plans is welfare reform, it is inevitable that we must reduce the tax on the lowest-paid. Otherwise, we will not get people off welfare and into work, which I think is what all of us want.

I will touch on one or two measures, but I do not want to take up too much time. I welcome the Government's plans to assist the housing market. I wish they had gone farther, because there is a lot of capacity in the housing market, which could provide more jobs and help to get the economy going. However, what the Chancellor announced was very good.

I welcome the Chancellor's proposals on charities. Poole has one of the biggest charities in the UK, the Royal National Lifeboat Institution, which raises a considerable amount of money from bequests. People getting relief on inheritance tax will be a major boost to that charity and to many others.

I welcome the move back to enterprise zones, because we have to become an enterprise economy. One lesson of the last decade is that we do not want to rely on an overheated south-east and London. We must ensure that future growth is balanced so that it occurs in greater Birmingham, Manchester, Leeds and many of our great provincial cities. What the Chancellor announced will assist in that.

The Government are doing what they can to help people, with limited room for manoeuvre, by putting off the fuel duty rises and freezing council tax. We have a difficult inheritance and the Chancellor has precious little room for manoeuvre. He started his Budget speech by saying that this is basically a neutral Budget. I think that it is right to have a neutral Budget. In some respects, it would be better not to have a Budget at all, but just to let the long-term plans of the Government roll on. That gives the best hope of getting the economy sorted, and of restoring growth to the British economy.

We have heard debate about the OBR forecasts. They are forecasts and will change several times before we know what the situation is. I think that we have an excellent chance over the next four or five years to get growth. I think that the Government's strategy is right. They are concentrating on training and simplifying the tax code. Hopefully, when we can, we will start to reduce the rates.

3.14 pm

Dame Anne Begg (Aberdeen South) (Lab): At the end of every Budget speech, the Chancellor has to pull a rabbit out of the hat. I will begin my remarks on the rabbit that I was not expecting today. It is something that will affect my constituency. Because I have been sitting in the Chamber since the Chancellor made his speech, I have not been able to quantify exactly how it will affect my constituency, but I have great fears that it might have a devastating effect.

I should explain that as a Member for Aberdeen, the economy of my constituency is based on the offshore oil and gas industry. I should also explain that I am the chair of the all-party group on the offshore oil and gas industry. Aberdeen has survived the downturn probably better than anywhere else, because the oil industry has been fairly buoyant. Unemployment in my constituency has risen from only 1.9% to 2.5%. I appreciate that that will sound very good to many Members. I fear that because of the rabbit that the Chancellor pulled out of his hat, that may not continue.

I speak, of course, about the fair fuel stabiliser. I think that that has the potential to destabilise the offshore oil and gas industry quite dramatically. I appreciate that the Chancellor was looking for something so that he could bring down fuel prices. However, it appears from the Red Book that huge amounts of money will come from the North sea. Apart from in the financial year 2011-12, in which the amount that will be given back to the taxpayer is £1.9 billion and only £1.78 billion will come in from the North sea from the increase in the supplementary charge, in every other year more will be raised by the Exchequer from the North sea oil and gas industry than the Chancellor will give away by bringing down petrol prices.

Helen Goodman: I also noticed that very interesting line in table 2.1—line 28. It shows that the proposed revenue stream is the same in every year. However, as the Chancellor said, that will depend on the oil price. Unless he is absolutely confident that the oil price will remain at the same level throughout the period, these are completely unfounded forecasts and estimates.

Dame Anne Begg: Indeed, if the oil price goes up, the amount that the Chancellor gets will go up. These must at best be guesstimates. Therein lies the problem for the offshore industry. The North sea is a mature province, but there is still a lot of oil left. In fact, there are probably as many known oil reserves in the North sea today as there were in the 1970s, but they are much harder to reach and more challenging to get out of the ground. The one thing that the offshore oil and gas industry needs is stability—stability in what the Chancellor is going to do. The last time the tax revenues for the offshore industry were changed, by the last Labour Government, there was a slowdown in the industry for a good two years before it recovered. The industry complained about the unexpected nature of that change and the fact that it was not able to plan for it. This change comes into effect from 12 o'clock tonight, so it will come as a huge shock to the offshore sector that it will be affected.

Mr Kevan Jones: Does my hon. Friend recognise, given her expertise on the oil industry, that investment in exploration is long term? In some of the fields that she is talking about, planning and investment can take up to 10 years. A fluctuating oil price will make such decisions very difficult. That will have a direct impact on Tyneside and Teesside, which are strongly supported by the supply industry for North sea oil.

Dame Anne Begg: I could not agree more. In fact, I believe that 200 constituencies have 50 jobs or more that are directly related to the supply chain of the offshore industry. The change will come as a big shock out of the blue, and I do not think people are prepared for it.

As my hon. Friend suggests, in its long-term planning, the offshore sector tends to use an oil price of between $50 and $60 a barrel. In other words, it projects a stable oil price in its forward planning. That is clearly not the real situation, because sometimes the price dips below that level and sometimes, as at the moment, it goes up to $100 a barrel. The fluctuation of the oil price makes the sector's long-term planning difficult, and the Chancellor has added another factor that will fluctuate, making the situation even less stable. To call it a fair fuel stabiliser is a complete misnomer.

Brandon Lewis (Great Yarmouth) (Con): Like the hon. Lady, I represent an area in which the oil and gas industry is prevalent. Does she agree that the measures that the Chancellor has taken today deal with the problem that arises when there is effectively a windfall for companies because of oil prices? In the long run, the change will be neutral to the taxpayer and the companies will not be at a loss. It just deals with what are effectively windfall profits that they have received because of the current high oil prices, to the benefit of the consumer.

Dame Anne Begg: With all due respect, that is not how the Chancellor has sold it. Even if there has been a windfall, perhaps it would have been better had he given some warning of the change so that people in the oil industry in particular could have taken account of it in their planning.

When we look at the Red Book, we see that the change is not tax-neutral. It states that by 2012-13, the tax raised will be £2.2 billion, and that it will be £2.1 billion the following year. The Chancellor is expecting to raise more than £2 billion a year—a much larger amount than is being given back to the consumer who buys petrol at the pump. Line 6 on page 42 of the Red Book shows that the Chancellor is taking more from the offshore oil and gas industry than from the banks, by a factor of 10.

Helen Goodman: I am grateful to my hon. Friend for being so generous in giving way. The other interesting thing in those numbers is that whereas the Chancellor claimed that the banks would not benefit from the corporation tax change, we can see from the Red Book that corporation tax reliefs will rise over the period in question but the bank levy will absolutely collapse.

Dame Anne Begg: Indeed, the bank levy will come down to just £100 million by 2015-16.

The change to the oil and gas charge has come as a bit of a shock, and it worries me. From looking at the Red Book, I am getting more and more worried about what the Chancellor has announced today. The Red Book states:

"The Supplementary Charge on oil and gas production will therefore increase to 32 per cent from midnight tonight."

There was no warning, and it will have come as a big shock to the industry. The effect could be dramatic in my constituency. I only hope that the Chancellor has thought the matter through and had some discussions with the industry. I suspect he has not, and I am worried about what will happen.

I wonder what other nasties are lurking in the Red Book. Last time it was the 10% sanction on housing benefit when someone had been out of work for a year, which we did not discover until days afterwards. I am glad that the Government have backed down on that and that today's Red Book shows that money again.

From a cursory glance at the Red Book, I discover something that comes as a bit of a surprise to those of us who were here for Prime Minister's questions today. The Leader of the Opposition asked the Prime Minister why the Government were taking the higher-rate mobility component of disability allowance from people living in residential care. Those who were here will remember that the Prime Minister replied, "We are not"—a simple, straightforward answer. However, line d on page 44 of the Red Book is about the plan to

"remove mobility components for claimants in residential care from April 2013",

with a figure of £155 million to be saved. That is different from the last Red Book, which stated that the change would come in in 2011-12 and save £135 million. All that the Government have done is delay it by two years. As the Leader of the Opposition pointed out, the change is still in the Welfare Reform Bill, and here it is in the Red Book. Perhaps the Prime Minister might want to come to the Chamber and apologise for not having been as accurate as he might have been.

Richard Fuller: For clarification, has the hon. Lady checked the following page, page 45, which mentions the disability living allowance reform gateway funds, which will kick in at £360 million in 2013-14 and rise to £1.45 billion? How does that match the figures that she has given, if at all?

Dame Anne Begg: They do not match, because they are totally different things. In fact, the Prime Minister did not quite understand that. The DLA gateway is about tightening up the criteria for those coming on to DLA. That will come in with the introduction of personal independence payments. The reform of the gateway is totally different from taking DLA away from people who live in residential care. By any criteria, such people would qualify to get through the gateway. The Government have decided that they will not get the money because they live in residential care, not because they do not fit the criteria.

Richard Fuller: I am grateful to the hon. Lady for that clarification. I am sure she will recognise that there are hon. Members on both sides of the House who share concern about the continuation of the mobility component of DLA. I believe that Ministers are looking for a way to both maintain the mobility component and expand personal payments, so that people with disabilities who live in care homes continue to receive the funding that they require for a decent living. If that is not included in the Budget, I will be very interested to talk to her about it.

Dame Anne Begg: What I have said is based on a cursory glance at the Red Book, but the evidence from the Welfare Reform Bill, which states that those in residential care will not get higher-rate mobility DLA, and from the Red Book makes it appear that the Government still intend to take the mobility element away from such people, albeit two years later. Those of us who said that the proposal was unfair thought we had won the battle, but it now appears that we have not won it at all. I am grateful to the hon. Gentleman for his

[Dame Anne Begg]

intervention, because I know that Members of all parties objected to the proposal. I hope that he will put pressure on his Government to reconsider the matter.

I wish to say a wee bit about the merging of national insurance and income tax. It was trailed slightly in the press, but we needed to find out what it meant in reality. The Chancellor said it would not be the end of the contributory principle, but it is very hard to see how it cannot be. There needs to be a debate about the future of that principle, because other measures that the Government have taken have undermined it. People are quite shocked about what is happening, having paid their national insurance all their lives thinking that they were paying into an insurance scheme and that they would get money out of it when something went wrong. People get only six months' jobseeker's allowance of £65 a week as a result of their NI contributions when they are unemployed. Under the Welfare Reform Bill, people will get only one year's sickness benefit under the new employment and support allowance as a result of such contributions. Most people assume that they get the basic state pension because of their NI contributions. That is the big one, because people are quite happy to pay their NI contributions for that, but the Government plan to introduce a flat-rate, £140 a week state pension. Such contributions pay for the basic state pension state and the earnings-related pension scheme as well as pension credit, and everything then gets divided out.

It is difficult to see how pensions can be based on a contributory record, as the Red Book says they are, if everybody gets the same. The Work and Pensions Secretary said a couple of weeks ago that he will introduce the flat-rate pension, and that that will help women, but it will do so only if it is not dependent on contributions. The Government cannot have it both ways. Either people get the flat-rate pension based on their working record and NI contributions, which will be part of income tax, or they get it because they have fulfilled other criteria, such as residency. The country and all parties in the House need a proper debate on how we fund welfare, the basis of our welfare system, and the future of the contributory principle.

Lorely Burt (Solihull) (LD): The Liberal Democrats take pensions very seriously. I acknowledge that a lot of consultation and working out must be done, but does the hon. Lady welcome a basic state pension of £140 a week?

Dame Anne Begg: I advocated a universal or citizens pension as a Government Member for many years, but one strong argument against such a pension is that many people are very attached to the contributory principle. That came out in the original discussions, when the Government of the day decided to reduce the state pension qualifying years down to 30 for both men and women.

Part of the problem in this country is that we have no means other than NI contributions by which to determine who should qualify for a state pension, because we do not keep residency records, which is how the judgment is made in, for instance, New Zealand. The problem in this country is more complex than it may seem.

The state pension age is about to go up to 66 for men and women by 2020. This was meant to be a Budget for growth, but the very first thing the Chancellor spoke of was the downgrading of the growth figures. I am worried about where all the jobs will come from given the increased number of people in the workplace. The numbers in the work force are expected to increase because of the new work obligations on jobseeker's allowance claimants; because lone parents will be expected to look for work when their youngest child is five; because 30% of incapacity benefit claimants will be assessed as fully fit for work and expected to go into the workplace; and because another 30% of such claimants will end up in the work-related activity group of employment and support allowance. Huge numbers of people are expected to go into the workplace. It is difficult to get figures on how many more people will be looking for work because the Department for Work and Pensions could not give them to us, but on top of those, the raising of the state pension age means that even more people will be looking for work.

Mr Kevan Jones: The Chancellor trumpeted the extension of support for mortgage interest, but has my hon. Friend seen page 42 of the Red Book, which says that that will continue for 2012-13, but decrease in 2013-14 to £15 million and then to zero in 2014-15?

Dame Anne Begg: I was going to talk about housing, but I could speak for another three hours if I go down that route, so if my hon. Friend will forgive me, I shall resist.

Will older people who have not reached state pension age be in work or not? At the moment, only 30% of men are still in work aged 65—not only because of early retirement and other things, but because people lose their jobs towards the end of their working lives—but they will be expected to work another year. Only 47% of women aged 60 are still in work, but they will be expected to work for another six years. Those people will not necessarily get anything under the universal credit, because they will probably have saved a nice little nest egg—a nest egg of just over £16,000—to see them through retirement. They will not get jobseeker's allowance—or rather, they might get it for six months, but that is all they will get through the contributory principle. If they have fallen out of work because of ill health, the most that they might get is a year of employment and support allowance before then getting nothing. Those are big figures, and that is where a lot of the welfare reform savings in the Red Book will come from.

Indeed, it is perhaps worth alerting the House to the fact that the big savings in welfare reform do not come from getting "shirkers" back into work; they come from taking money from those who would normally have got contributory incapacity benefit, but will now get only contributory employment and support allowance for a year. That means that around £80 a week will come out of those people's incomes. They will get nothing else if they live in a household with someone in work or with any other source of income, or if they have a small pension or savings of more £16,000. Therefore, there will be a new group of people struggling, and they will not be old-age pensioners; they will be pre-old-age pensioners, as it were. They are people who have fallen out of work, but not been able to work to 66 and get their state pension. They have been left with little—in fact, in some cases nothing—from the safety net that we think the welfare state is there to provide.

There is a lot more that I could say; indeed, I am sorry that I have spoken for longer than I intended. Over the coming days I will go through Red Book in a lot more detail than I have managed to today. However, from what I have seen already, there is a great deal for people to be concerned about in what the Chancellor has announced today.

3.36 pm

Stephen Williams (Bristol West) (LD): This is, of course, the second Budget of the Liberal Democrat-Conservative coalition Government. The first Budget was put together in the extraordinary circumstances that followed the 2010 general election, when the two parties came together to co-operate in government and clear up the mess left by the Labour Government. In that Budget we dealt with the emergency, and set out a plan to restore fiscal credibility and put Britain back on track. Today we begin the next phase of this coalition Government. Over the next four years we will build a stable economic future, with growth in our economy that is regionally balanced, encourages innovation, and is green and sustainable. We have moved from the rescue stage. We are now on to recovery, and we look forward to reform.

Sheila Gilmore (Edinburgh East) (Lab): When the hon. Gentleman stood for election last year and his leader said that making deep and fast cuts in public services would be dangerous, did he believe it? If he did, but then came to a different view, what made him change his mind?

Stephen Williams: I would remind the hon. Lady that we can all be selective with quotations from different party leaders or finance spokesmen in the general election. Indeed, we could do that all round the Chamber. I well remember the leader of my party saying that there would need to be "savage cuts" in public expenditure to deal with the desperate circumstances that whoever won the general election would have to deal with. He was heavily criticised for using the phrase "savage cuts"; none the less, he gave a stark warning that was also timely and well made.

Despite those circumstances, we—and in particular the Liberal Democrats in the coalition—have endeavoured to ensure that all the measures that we put in place, whether in the emergency Budget, the spending review or the Budgets to come, are underpinned by fairness. It is important that we recognise people's concerns about the cost of living and the pressures on their household budgets. That is why today Liberal Democrats in particular welcome the further step taken towards our main manifesto commitment of ensuring that nobody on an income of less than £10,000 should face an income tax bill. From April this year, almost 900,000 people will be taken out of income tax altogether, with all average earners getting a tax cut of £200. In a year's time, 1.1 million lower-paid people will be taken out of the income tax net altogether, leading to a tax cut for everyone on average earnings of £326 a year. This measure will, as we always pledged, help the poor and reward work.

Mr Stewart Jackson: I warmly endorse my hon. Friend's comments about taking low-paid people out of tax. Does he agree that it ill behoves the Opposition to criticise these measures, given that Labour's contribution was to get rid of the 10p tax rate and import more than 1 million unskilled, low-wage workers from eastern Europe over 13 years to undercut the pay and conditions of the poorest people in this country?

Stephen Williams: I well remember sitting on the Opposition Benches during the final Budget of the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), and being one of those who spotted the fact that the tax cut being given to higher-rate taxpayers and the cut in capital gains tax, which were cheered by Labour Members at the time, were effectively being funded by a tax rise for the poorest people in society that doubled their rate of income tax from 10p in the pound to 20p.

People are also rightly concerned about their household budgets as a result of high fuel prices. You and I will know, Madam Deputy Speaker, that it is difficult now to find petrol or diesel costing less than 130p a litre anywhere in the city of Bristol. Even the local fuel station in my constituency is now charging 140p for diesel. I therefore welcome the measures to address those concerns by reducing fuel duty by 1p and by stopping Labour's planned further increases, leading to a further 5p reduction in fuel duty. This will be welcomed by people not only in cities, such as those I represent, but in the rural areas around Britain represented by my colleagues.

Mr Alan Reid (Argyll and Bute) (LD): I also welcome the fact that the rate of fuel duty on the islands will be cut by 5p a litre, starting from April 2012. That will put an extra £5 million into the economy of our islands.

Stephen Williams: My hon. Friend is of course referring to the derogation from the European Commission that has been applied for in order to ensure that the coalition Government's Budget promise is deliverable under Community law, unlike the undeliverable measure to reduce VAT proposed by Labour.

Fuel duty is, however, a blunt instrument for taxing the motorist. I welcome the measures put forward today to stabilise the prices in between the oil companies and the consumer, but in the medium term, we must look for a much better way of developing a market mechanism for taxing the use of our roads.

A further issue of fairness relates to tax avoidance. Whether practised by large companies or by rich individuals, tax avoidance is an affront to fairness, when ordinary people around the country are going out to work, paying their taxes on time and making their contribution. It is an affront to them that some companies are using the tax system unfairly to avoid tax. Some rich people in society—including sportsmen whom people admire—are also using those schemes. It is therefore right that the Government should take further measures today to close down some of those avoidance schemes and introduce an increased levy on non-domiciled individuals.

Right across the age scale, from pensioners who will benefit from the triple lock, guaranteeing that their pension will go up each year, to children from the poorest families, whose schools will receive the pupil premium, this Government are delivering for all sectors of society. These are fair measures that meet the concerns of ordinary Britons, the people who, according to the

[Stephen Williams]

term that my party leader, the Deputy Prime Minister, has recently injected into the political debate, wake up to alarm clock Britain. *[Laughter.]* I knew people would like that, but those are the ordinary families around the country whom all hon. Members represent, and we should not laugh. They are the people who get up and go out to work. They work hard, they want their children to do well and they want their parents to be secure in old age.

Another major element of the Budget, along with fairness, is the plan for growth in the green book that has been launched today. It is important that the plan should be regionally balanced. One of the unfortunate legacies of the last Labour Government was the overheated economy in London and the south-east of England, and the credit bubble which, as we know, eventually burst. We cannot allow that to happen again. This Government are determined that growth should be shared fairly right across the nations and regions of the United Kingdom. That is why I particularly welcome the announcement today of 21 enterprise zones and I look forward tomorrow to hearing confirmation from the Prime Minister and the Deputy Prime Minister of where they will be based. I hope that one of them will be in the Greater Bristol local enterprise partnership.

Mr Kevan Jones: I suggest that the hon. Gentleman read the Red Book. If he looks at the figures for the local enterprise zones, he will see that they add up to about £900,000 for each one. That needs to be compared with the funding for the regional development agencies in the last year of the Labour Government, which was more than £2 billion.

Stephen Williams: We will have to wait and see the detail on the local enterprise zones. What we know from the detail we have had today is that there will be a year's tax holiday from business rates for people locating in those zones. They will also be equipped with superfast broadband and, I am sure, other measures of support and advice. This issue is bound up with other announcements already made this week about the technology innovation centres and the Manufacturing Advisory Service. There is a whole package of measures that I suggest the hon. Gentleman looks at.

Dr Julian Huppert (Cambridge) (LD): Does my hon. Friend agree that the test of how well a Government policy works is not how much money is spent on it, but the benefits it has? That is why I hope my hon. Friend will join me in welcoming the steps taken to help entrepreneurs and scientific research in areas such as Babraham near my constituency.

Stephen Williams: I thank my hon. Friend for that intervention, and he is, of course, quite right. The question from Labour Members when they were in government was always, "How much money can we possibly spend on this situation?" rather than "What works?" That is the difference between this coalition Government and Labour. I commend my hon. Friend for the measures he has recently published on entrepreneurship.

Another aspect of growth that I want to see in the future that we have not had in the past is green and sustainable growth. I particularly support the confirmation that a green investment bank will be set up with initial capital not of £1 billion, but of £3 billion, to incentivise investment in the low-carbon economy of the future. The Red Book, quoted so much already, suggests that this will leverage into the low-carbon economy a further £18 billion-worth of investment. Before the end of this Parliament, once our finances are stabilised, that bank will be able to borrow in order to make further investments.

Zac Goldsmith (Richmond Park) (Con): Does my hon. Friend share my concern that the downgrading of the Government's flagship policy, the green investment bank, from what should have been and would have been a bank able to issue bonds from day one to what amounts to a fund for the next five years effectively reduces the prospects of our country becoming a world leader in green innovation? Does he also agree that by failing properly to back our fledgling green economy, we will find it harder to cut our emissions and harder to achieve or boost energy sovereignty, and we will be missing out on one of the greatest economic opportunities of all time?

Stephen Williams: I am sure that the hon. Gentleman has been making that case in private to his well-connected friends. I and my colleagues have also been making the case for a green investment bank, not a green investment fund. It has been confirmed as a green investment bank today and it will have £3 billion of seedcorn capital to get it off to a flying start. It is going to start a year earlier than originally suggested. By the end of this Parliament, it will be able to issue bonds so that if we wish, we could all deposit our funds with that bank to invest in our green future.

I also welcome the investment made in innovation and skills, particularly in technology innovation centres. I talked a lot in the last Parliament about the skilling of our young people and how we needed to get more people to take up apprenticeship places, so the confirmation of 50,000 more places today means that there will be 250,000 more in this Parliament than we were left by the last Government.

Speaking as someone who before entering this House spent 17 years in a career in the private sector, advising small businesses on how to set up and take off, I welcome the confirmation or enhancement in the Budget of many reliefs designed to help new and innovative businesses to take off and the fact that by 2014 we will have the lowest rate of corporate tax in the G7. We now look forward to a further period of reform.

The hon. Member for Aberdeen South (Dame Anne Begg) rightly mentioned the integration of the income tax and national insurance schemes, on which there is to be consultation after the Budget. It is, of course, 100 years since Lloyd George, my political hero, introduced the national insurance scheme. During the slump of the 1920s, however—this deals with the point made by the hon. Lady—the actuarial soundness of that scheme was essentially undermined, and ever since then the fiction has been maintained by Governments of all hues that it is a separate fund. In fact, it is a second income tax in all but name, and the time has come to reform it. I am very glad that the Government are going to do that; and because they are going to consult on how it should be done, all the issues raised by the hon. Lady about contributions-based benefits are likely to be dealt with.

The other reform to which I look forward is the move to a system based more on sustainability, involving a tax on carbon. I am delighted that the Chancellor has confirmed the introduction of a new carbon floor price. On behalf of the Liberal Democrats, I will shortly produce a paper fleshing out how that can work during the rest of the current Parliament.

It is disappointing that we have not been able to agree internationally on further taxes on aviation—both coalition parties wanted an aeroplane tax rather than air passenger duty—and I hope that international agreement will be secured so that that can be achieved. However, I welcome the confirmation that we are to end the absurd anomaly whereby the jets that most of us use when travelling abroad are subject to air passenger duty while private jets are not. Under the existing law, a plane full of football fans going off to watch their heroes must pay tax, while the team itself takes off in a private plane and pays none.

The measures that have already been outlined, and the reforms to which we look forward, reward hard work, incentivise enterprise, and make progress towards a low-carbon economy.

Let me deal finally with the issue of the banks. I welcome the fact that the Government have introduced a levy that will be permanent, throughout the life of this Parliament. It has been confirmed today that the banks will not benefit from the reduction in corporation tax, and that the levy will be increased in future. We shall have to wait for the results of the Vickers review to find out whether there are proposals to break up the banks.

Helen Goodman: How can the hon. Gentleman say what he has just said about the banks, given that the bank levy is falling from £600 million to £100 million within three years? That is patently ridiculous.

Stephen Williams (Bristol West) (LD): I understand that the bank levy is about £2.5 billion a year. The Chancellor announced recently that the levy, which was £1.8 billion in its first year, would be increased to £2.5 billion, and today it has been confirmed that the banks will not benefit from the reduction in corporation tax and that the levy will be increased.

Another issue connected with the banks is what we should do with our ownership, as taxpayers, of Lloyds Banking Group and the Royal Bank of Scotland. That is an issue with which the Government will have to deal at some point in the next few years. A couple of weeks ago I published a pamphlet, with CentreForum, which suggested that the shares should be given to the people so that the state could recover the £67 billion that was invested in the banks bail-out in 2008. The citizen should enjoy the upside: the citizen should enjoy the growth in those shares in the future. I hope that my Treasury colleagues will look favourably on that proposal as they decide what to do with the legacy from the last Government.

The Liberal Democrat-Conservative coalition Government have dealt with Labour's toxic legacy, but Labour Members seem to be still in denial about the problem. They have not acknowledged its existence, let alone shown any sign of contrition for their role in the deficit. The Leader of the Opposition produced some very good jokes today—I will give him that—but he could at least have made an apology. We have started to clear up the mess. Today's Budget sets in train a plan for a Britain that is fairer, with a stable economy and a low-carbon future. It recognises the need to help households with their budgets now, and to give them confidence that the economy and their country are back on track.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Before we move on, I have to announce the result of a Division deferred from a previous day. On the question relating to a stability mechanism for member states whose currency is the euro, the Ayes were 310 and the Noes were 29. Therefore, the Ayes have it.

[The Division list is published at the end of today's debates.]

I shall call Mr Dan Jarvis next, who will be making his maiden speech, and I remind hon. Members of the normal courtesies that should be extended when hearing a maiden speech.

3.55 pm

Dan Jarvis (Barnsley Central) (Lab): I am grateful for the opportunity to make my maiden speech in this Budget debate. The first time I remember feeling like this was when I was being summoned by an RAF instructor to make my first parachute jump—a leap of faith into the unknown. Today, however, as I rise to make my maiden speech in this Chamber, I am reassured by knowing that the hon. Members who have gone before me—most of them—have landed without incurring permanent injury.

The people of Barnsley Central have a long history of electing good people to serve as their Member of Parliament. Only time will tell whether I extend that record, but it is a great privilege to pay tribute to my predecessors. It is truly humbling to think that I follow in the footsteps of the former Barnsley MP, Roy Mason, a coal miner at the age of 14. Lord Mason went on to serve the town as its MP for 34 years. During that time, he served in a number of Governments and held a number of high offices.

I also have the great privilege of representing wards that were previously in the Barnsley, West and Penistone constituency. Before being abolished, the constituency was represented by the formidable Michael Clapham. As an MP, Mick did tremendous work to support other former miners, securing compensation for those who had been injured through their work and for the families of those miners who had been killed.

As it was for Roy and Mick, so it was for Barnsley: coal mining was at the heart of the community. Barnsley is a town with a proud history of linen, wire and glass making, but coal mining once accounted for more than 30,000 jobs. It was a community built on coal. In good times and bad, in war and in peace, places such as Barnsley kept this economy and this country going. As is said in Barnsley: "We dug the coal."

I would also like to pay tribute to my immediate predecessor, Eric Illsley. It is acknowledged that Eric made mistakes—mistakes that cast a shadow across his good work for the people of Barnsley—but we should not forget that Eric chose to dedicate his life to the betterment of the lives of working people. Like Mick and Roy, Eric served the community and spent 10 years as a National Union of Mineworkers official, including during the miners' strike. Many people have told me

[Dan Jarvis]

that Eric was a very hard-working and conscientious constituency MP with a strong record of supporting and representing working men and women in Barnsley.

Having served two tours in Afghanistan, I was relieved to fight a—relatively, at least—peaceful by-election campaign in Barnsley, but I was ably supported by some brilliant local campaigners—people such as Anita Cherryhome and Tracey Cheetham, to name just two among the many to whom I owe a great debt of gratitude. My transition from the Army to civilian life has been made a pleasure because of the people of Barnsley and their support. I remember the warmth of the welcome I received at the New Lodge working men's club while having a pint with Roy Butterwood, and from the fantastic people working in Barnsley hospital. Both institutions are, in different ways, at the heart of the community.

I met hundreds of amazing people during the by-election, including teachers, NHS workers, police officers, business owners and volunteers: remarkable people working hard and achieving remarkable things in Barnsley, in Yorkshire and beyond.

My constituents are proud people. People such as Len Picken and Jenny Platts are proud of their industrial heritage, proud of who they are today and proud of what Barnsley can continue to be in the future. There is no question but that the people of my constituency have the energy, skill and dedication to make our community a better place. The question today is whether Barnsley's future is safe under this Government or whether it will be savaged by spending cuts and by a failure to protect jobs and opportunities for the young, as it was in the 1980s.

The people of Barnsley were looking for today's Budget to pass two clear tests. Did it deliver for families who are finding times hard as pay freezes hit, world prices rise and the VAT increase takes up to £450 a year out of a family's household spending; and did it demonstrate that the Government have a plan to generate jobs and the growth that would create jobs? The Barnsley of today, after more than a decade of investment and reform to our public services and our infrastructure, is not the Barnsley of the 1980s. Barnsley and our country can and should thrive. Indeed, a year ago, growth in this country was rising, and unemployment and inflation were falling. We had hoped that the mistakes of the past were forgotten and that communities such as Barnsley would not be abandoned as they were then, leaving a generation scarred.

The 1980s and 1990s were a dark chapter for the town, as the then Government closed down the mines which were the heart and soul of our community and stood back and let unemployment and misery linger for a generation. In recent years, Councillor Steve Houghton, the outstanding leader of Barnsley council, was instrumental in working with the Department for Work and Pensions in devising the future jobs fund, which helped more than 600 people find jobs in Barnsley. But the future jobs fund ends this month and Barnsley is facing some of the deepest cuts in the country. The council has to find £26 million this year and £46 million in total, and jobs will inevitably be lost. The truth is that today South Yorkshire police are losing 400 police officers and facing deeper cuts than many other forces. The increase in VAT on fuel is costing people in Yorkshire £53 million in extra fuel tax this year. The education maintenance allowance was helping more than 3,500 of Barnsley's young people to afford to stay in education. This September, some of the poorest young people going into education will be £30 a week worse off and, even on the Government's own figures, one in 10 of them will drop out of education as a result.

The Government told us that we were out of the danger zone, that their plan was working and that they should be judged on the figures. Today, inflation is rising, partly as a result of the VAT rise, unemployment is rising and growth has stalled. Barnsley urgently needs an alternative: a plan to get jobs and to help families feeling the squeeze. The Government could have chosen to repeat the bank bonus tax—a tax on those on whose shoulders much of the responsibility for our predicament should fall. That money could have funded a plan—a plan to build houses, to invest in infrastructure and to get young people in work—but they chose not take that approach. The real test of this Budget was whether the voice of the country had been heard, whether the evidence had been heeded and whether the Government had listened on jobs and on the cost of living. They have failed this test.

The previous Labour Government, whatever their faults, did their bit to invest in the future, and their investment in education and training was particularly important. In Barnsley, the Building Schools for the Future project has successfully provided new schools such as Darton college, the Dearne advanced learning centre and the Carlton community college, with six more in the pipeline, to sit alongside the inspirational Barnsley college, rated as "outstanding" in Ofsted's last inspection.

My service in the Parachute Regiment has taught me that so much can be achieved when people are given the right tools, the right skills and the right training—when they are given the support and funding to be the best. I know from fighting in Iraq and Afghanistan that the men and women of our armed forces are the best. I have had the privilege of serving with some amazing people, but, above all, it has been a pleasure to serve with the soldiers and NCOs—the backbone of our armed forces. Today, I particularly remember Corporal Bryan Budd VC and Corporal Mark Wright GC, both of the Parachute Regiment, who lost their lives while serving our country with the most outstanding valour. I pay the highest tribute to them and to all those men and women who have fallen in the pursuit of maintaining the security of our country. We must never forget their families who are left behind to grieve, but it is not enough just to praise the armed forces. They must be supported with the best training and equipment, and the military covenant is not an optional extra but an essential piece of kit.

The strategic defence and security review may come to be remembered as the Fox review, but only in the future will we know whether it is as cunning as its name might suggest or if it is, as Professor Paul Cornish states in his recent Chatham House report, merely an attempt to "muddle through". This is no time to muddle through. Clear policy and decisive action are a must, and we must move the debate on to determining the desired strategic outputs rather than merely considering defence inputs.

Although there is rightly much focus on Libya and events in the middle east, in Afghanistan the efforts of our armed forces are nothing short of heroic, and they are buying space and time for the Afghan Government, but the question remains of how we should use that time. In the end, the true measure of progress is how far Afghanistan has advanced towards a political settlement capable of providing enduring stability, because that is the safest way of securing both our interests and those of the Afghans. We and our American allies should not wait to push forward a serious dialogue for reconciliation. Ultimately, politics is always the solution. Whatever the progress with that effort, it is critical to address not only the external and regional elements of the conflict, but its internal cause: the issues of legitimacy, the rule of law and grievance that push people to support the Taliban and to which my right hon. Friend the Member for East Renfrewshire (Mr Murphy)referred in his recent speech to the Royal United Services Institute.

I must thank hon. Members on both sides of the House who, through their advice and kindness, have ensured my safe landing in this place. It is with my deepest thanks to them that I now feel a little more able to live up to my old regimental motto, "Utrinque paratus", or "Ready for anything".

Finally, if I have learnt nothing else during the by-election campaign, I have learnt this: the spirit and aspiration of the people of Barnsley cannot be trodden down and I, as their Member of Parliament, will do all I can to stand up for them. It is their hard work, their pride in themselves and their compassion for others that makes me so very proud to represent them here today.

4.7 pm

Mr David Amess (Southend West) (Con): It is an honour and privilege to follow any maiden speech, but it is particularly so in this case. I know I speak for the whole House when I congratulate the hon. Member for Barnsley Central (Dan Jarvis) on a magnificent performance. He spoke with command, it was a measured speech and in every sense—whether it was the humorous side or the remarks he made about his predecessors—it was an absolute example of how an hon. Member should make a maiden speech. When I made my maiden speech at the end of 1983, it was an ordeal not only for me but for the House that had to listen to me.

The hon. Gentleman performed splendidly. I also held his predecessor in high regard as a parliamentarian and I much regret the way he left this House. Colleagues listening to the hon. Gentleman's speech will have come to the conclusion that he brings unique experience to this place that will greatly enrich our deliberations in the future. I certainly would not willingly jump out of an aeroplane, you would have to push me and that would be the end of it. I speak for the whole House—I do not think we get much Conservative support in Barnsley Central—when I wish him a long and successful career.

Turning to the Budget, there is no doubt that this has been the most difficult and gloomy time I have known for people in business—until today. I congratulate my right hon. Friend the Chancellor on his well-crafted and clever Budget, which will cheer up the country. It has already cheered up Government Members and, as colleagues will have observed from the general atmosphere among Opposition Members three or four hours ago, it has absolutely cheesed off the Opposition. I am getting sick to death with Members on the Conservative and, dare I say, Liberal Benches being castigated for the absolute mess that the country is in. One party alone is responsible for that—Labour. It is because of the Labour party that we are facing debt interest of £120 million a day and because of the Labour party that we have the biggest structural debt in the G7.

I want to share with colleagues who were elected last year what the past 13 years have been like. As hon. Members will know, the last Prime Minister was previously the Chancellor of the Exchequer. I had the experience of listening to 10 of his Budgets, which he greatly enjoyed delivering. He used to come to the Dispatch Box and two thirds of the way through his speech he would wind Conservative Members up. Then he would make what he thought would be the headline-grabbing news item that would cheer everyone up. But then we would all go away and people would read the Red Book and within a few weeks we would find out that what he had told us was not in any sense accurate. So I congratulate the Chancellor on the new Red Book, because unlike the previous one it is not big enough to use as a doorstop, which is all that one was fit for.

Labour Members seem to think that Government Members relish making cuts.

Mr Kevan Jones: You do!

Mr Amess: We do not, and I find it hypocritical that although Labour Members used to speak about cuts before the general election—I can only talk about those who were here before the election—we no longer hear about the cuts they were going to make. It is as though the Conservatives and Liberals rejoice in making cuts. If anyone wants to know why the country is in a mess, I can tell them it is because the Labour party took away regulation from the Bank of England and gave it to an organisation that was not fit for purpose. Also, as one of my colleagues said during Prime Minister's questions, Labour stupidly sold off our gold reserves.

I will go further: in all his Budgets the then Chancellor of the Exchequer would make announcements about spending in terms not of millions but billions, and we in opposition used to wonder how it could be funded. We now know that it could not be funded and that we were spending money we never had. I will never forgive Tony Blair—*[Interruption.]* Hon. Members might huff and puff, but I am entitled to say this because it was Tony Blair who got me to vote for the war in Iraq and I will never forgive him for having told us a pack of lies at the Dispatch Box.

Madam Deputy Speaker (Dawn Primarolo): Order. I know that the hon. Gentleman feels very passionately about the subject, but perhaps he would like to temper his language and, in particular, withdraw the accusation of lying.

Mr Amess: I entirely accept your ruling, Madam Deputy Speaker. I thought we could make remarks about people who were no longer Members of Parliament.

Madam Deputy Speaker: The hon. Gentleman can make remarks about people who are not Members of Parliament. I am touching on his language, and the

[Madam Deputy Speaker]

convention in this House on the moderate use of language and on allegations against people who are unable to correct what has been said.

Mr Amess: I hope that Tony Blair will correct what I have said when he again gives evidence, but I blame him for the way he completely misled the country on any number of issues. Not the least part of his lasting legacy is the fact that he destroyed the House of Commons, because this is certainly not the place that I entered in 1983. I further blame the last Prime Minister, who was Chancellor of the Exchequer. New Labour Members come into the Chamber and castigate Government Members for what is going on; what on earth were they standing for in the general election campaign in May?

Mr Kevan Jones: Having listened to the hon. Gentleman's speech, I wish he was in an aeroplane so that we could push him out. He feels that he has been duped on Iraq and on spending, but why, then, did he and the leader of his party say right up to 2008, including in a speech by the leader of his party in July 2008 to the CBI conference, that the Conservatives would match the Labour Government's spending?

Mr Amess: I believe that the only commitment that we gave was to match spending on the health service.

Kate Green (Stretford and Urmston) (Lab): I wanted to check whether the hon. Gentleman's position of not relishing cuts—I am sure that he does not relish them—reflects the position of his party generally, given that the Chair of the Treasury Committee said this morning that he believed that public spending should be reduced, even if we were not in deficit.

Mr Amess: I was not at the Select Committee this morning—*[Interruption.]* I am afraid that I missed the speech that my hon. Friend the Member for Chichester (Mr Tyrie) made on the Budget. I will have to discuss the issue with him later.

Mr Stewart Jackson: Does my hon. Friend not agree that it takes an enormous degree of mismanagement and incompetence, after 12 years of economic growth, to leave 5 million people on out-of-work benefits, languishing in a half-life on the edge of society? That is the legacy of the Labour Government.

Mr Amess: Of course I agree with my hon. Friend, but I would just say that if Labour Members feel that they were absolutely spot on in their judgment on the economy, why was Labour not re-elected last year? We had a general election last year, and the Conservative party was overwhelmingly the largest party returned; in any case, the Labour party was defeated. I am afraid that the Labour party's reaction to the Budget today—they were absolutely cheesed off—says it all.

Before the Budget, I had representations from all manner of organisations, including the Association for Consultancy and Engineering and others in a conglomeration of engineering companies, and Essex chambers of commerce. I have to say that the Budget was much brighter and more positive than I expected, so whatever demands have been made, I think that the Chancellor has met them completely. I am delighted that at long last something is being done about regulation. I am absolutely delighted that we are looking at how we deal with income tax and national insurance. I am delighted about the cut in corporation tax. I am absolutely delighted with what we are doing about fuel duty; one could see from Labour Members' glum faces that they were very disappointed with that. I am glad that in the east of England, 106,000 people are being taken out of a tax band, and I am very pleased with what has happened about gift aid.

I hope that Conservative Members will become a little more robust when Opposition Members have the temerity to castigate them after nine months for the mess that the country is in. Conservative and Liberal Democrat Members are looking at the party that is entirely responsible for meltdown Britain. I congratulate the Chancellor on his Budget today and on cheering up the country.

4.20 pm

Stewart Hosie (Dundee East) (SNP): I would love to say that it was a pleasure to follow the hon. Member for Southend West (Mr Amess), but instead I will restrict myself to saying that I agree with him entirely that the hon. Member for Barnsley Central (Dan Jarvis) made a very good maiden speech indeed. It is certainly a pleasure to follow him, if not the hon. Member for Southend West. *[Interruption.]* The Economic Secretary to the Treasury says from a sedentary position that that is harsh. It is only a little harsh.

The Budget was billed as a Budget for growth, and by goodness, we need it, so let us test that. In his statement and in the Red Book the Chancellor gave us a great deal of information. Our national debt for 2010-11 was expected last year to be £932 billion. It is now forecast to be £909 billion for that year. It was expected to be £1.6 trillion next year, but it is coming in at £1.46 trillion. The deficit was expected to be £149 billion for last year. That seems to be coming in at £146 billion. But the figure for 2011-12 was forecast to be £116 billion and that is now up to £122 billion, if the numbers are to be believed. That tells us that the Chancellor may have had a little room for manoeuvre, but growth is essential if the figures are to remain on target and if we are to have any chance at all of protecting jobs and services.

I welcome the direction of travel on corporation tax but, because the Budget was so thin and fiscally neutral—the entire Budget barely shifted £10 million in total—it effectively confirms that the cuts, which were forecast last year at £99 billion and revised down to £81 billion in the comprehensive spending review, are still there. It confirms that £29 billion of tax rises announced last year are effectively still there. It confirms the swingeing benefit cuts of £11 billion announced last year and confirmed in the CSR. It also confirms the changes in some of the pension component, particularly the RPI-CPI switch, which will yield the Exchequer £1.2 billion this year, rising to nearly £6 billion in 2014-15.

On pensions, the Chancellor spoke about a single-tier pension. That is similar to the citizens pension concept that many of us support, but to deliver that with savings predicated on changing not just the state pension, but all public sector pensions, which are contracted and paid into, in some cases, for many, many years, cannot be right. He also said in relation to pensions that he would accept all the Hutton recommendations. It may

well be that all of us have to save a little more a little longer for the pension that we expect at the end, but let the Government be in no doubt that a 3% hike in pension contributions now will put some of our constituents—indeed, many of our constituents—in serious financial difficulties in the short term. I hope that the implementation of that is carefully considered.

On PFI—the Labour party's worst legacy—the figures are truly frightening. The value of the capital projects is some £56 billion. The cost of the outstanding repayment liability is £214 billion. The average repayment each year until 2047-48 will be £6 billion, and that will peak at more than £9 billion in 2017-18. The Chancellor said nothing about that, or about how we would replace the PFI system. Throughout his speech he spoke of encouraging private investment, and some of that is to be welcomed, but he said nothing about how we would replace PFI by means of public capital investment. We know how vital that is, given that the economic impact multiplier for capital expenditure is 1:1. It is the most significant thing we can invest in and, more dangerously, the worse possible thing we can cut.

The Chancellor had a great deal to say about oil, which is not surprising given that the forecast for 2011-12 shows that the North sea will generate an additional £4 billion. He is right to take immediate action because households and businesses are struggling. The price of a gallon of petrol in rural Scotland is routinely £6.50, and we know that in the past four or five weeks the price increase in diesel has added £1,000 to the annual cost of running a truck. That is unsustainable and inflationary. I welcome the 1p cut and the fact that the proposed increase has been stopped, but the Government said that they had introduced a stabiliser, and I have re-read his speech any number of times. The stabiliser seems to me to suggest that when the barrel price increases it is merely the escalator that is cancelled, leaving the indexed rise in place. I always understood that the stabiliser would reduce the duty level when the price rose so that we could temper out some of spikes in rising prices. By only including the escalator, we do not have a stabiliser at all and will still see many of the spikes that we have been trying to smooth out to bring some stability back into the economy, particularly in the haulage sector.

The Chancellor said surprisingly little about the banks, so I will go back to what he said in February. He announced that the banks would lend more, especially to small businesses, pay more taxes, bring responsibility and restraint to the sector, pay less in bonuses, be more transparent and make a greater contribution to the regional economy. That is all fine, but in order to thrive and grow companies need access to affordable and flexible funding, and they need it now. That remains a huge hurdle for many of our businesses.

The lack of new lending in particular is continuing to have an adverse impact on individual companies as well as on the economy as a whole. Business investment, as the Minister knows, will remain some 20% below pre-recession levels. Indeed, there was a 0.5% fall in gross fixed capital formation in the last quarter of 2010, which is extremely worrying, given that this is supposed to be a business growth and export-driven recovery.

All the evidence I have seen highlights the importance of expanding sustainable lending. Although we welcome the lending commitments agreed between the Government and the banks, it is important to ensure that they move quickly on the issue. I would have thought that the Chancellor had much more to say today about how the banking community would increase even gross lending to businesses across the country. Instead, although he did increase enterprise investment scheme limits to encourage private investment, which I welcome, he said nothing about bank lending. It is the retail banks on the high street that most of our small businesses depend upon for both capital and cash flow.

The two key issues of oil and access to finance are not just about economic recovery, but about fairness, as is alcohol duty, and there were a few changes on that today. However, the Government brought forward no measure whatsoever to tax alcoholic drinks by alcohol content. Whisky is still penalised and we still have the ludicrous situation where 4% beer is taxed more heavily than 7.5% cider, which does nothing to promote public health or address the wider social and economic consequences of excessive drinking. Picking up the tab for those costs is estimated to equate to a tax of some £3.5 billion in Scotland alone. I am surprised that the Chancellor did not use the Budget to take measures to deal with that problem.

There are also huge dangers in the Budget, as it confirms the cut to the Scottish budget and threatens recovery there. I am sure that the whole House will welcome the recent reduction in unemployment. The figures for March show that unemployment in Scotland has fallen by 16,000 and employment has risen by 8,000, the eighth consecutive reported rise in employment. That is all good news, and we have to drive it forward, but cutting the Scottish budget, particularly £800 million from the capital budget, will have a huge impact on the Scottish Parliament's ability to drive forward many of the initiatives that were making a difference as we came out of the recession.

Given the economic backdrop, particularly the fourth quarter figures for the whole UK and the need to continue to support growth, the Scottish Government and, indeed, the UK Government need a Budget that supports clear, targeted resources. Given also that the Chancellor had some flexibility, I am surprised that he did not offer up a targeted measure to increase capital expenditure, because it has the most significant impact of any public spending.

What the Chancellor did talk about was enterprise zones, of course, and we certainly welcome those as a concept. They could be used in Moray, for example, given the closure of RAF Kinloss, but the Budget offered little detail beyond suggesting some business rate reductions and streamlined planning measures, both of which the Chancellor rightly said are devolved. For enterprise zones to work properly, they should revert to the old form, which included the significant use of capital resources, but, given that there is only £80 million in four years' time, or £4 million per site, much of which I suspect will be used to offset business rates for local authorities, it strikes me as inconceivable that the Government have planned and prepared for the significant use of capital allowances to deliver their potential.

Mr Kevan Jones: The amount is actually less than that to which the hon. Gentleman refers, because, although page 42 of the Red Book cites £80 million in year four, over the period, if we spread the amount across the 21 proposed enterprise zones, we find that it works out at less than £1 million per zone.

Stewart Hosie: I am glad that the hon. Gentleman has done the four-year forecast and the average for me, but the point is the same: there is very little money in what ought to be an initiative with the potential, at least, to deliver some significant economic investment.

We need targeted measures, and one measure that the Chancellor could have introduced today was targeted help for the computer games industry. A targeted tax break was suggested previously but pulled from the previous Budget. Debates in the Scottish Parliament have backed it, and debates in Westminster have had all-party support, but he rejected the idea in 2010 and rejected it today. He did say, however, that he would improve the intellectual property regime and increase the small companies R and D tax credit, and I look to understand from the Government at some point whether there is a specific way in which the video games industry and other growing high-tech industries might access it, and access it in an appropriate way that protects them and grows them in future.

In terms of targeted measures, we also believe that there was a compelling case for the Scottish Government to be given responsibility for the administration and revenues of the Crown Estate in Scotland, given the focus in Scotland and the UK on driving a low-carbon economy and the existing responsibilities for marine planning and economic development. This Budget provided the Chancellor with the opportunity to indicate that he was prepared to do that through Government amendments to the Scotland Bill, but no commitment was made.

The Chancellor could also have demonstrated—another small targeted measure—that he was prepared to adjust the tax treatment of participants and sponsors at the Commonwealth games in Glasgow in 2014 so that there was equality of treatment with participants and sponsors at the Olympic games in 2012. I know that the Scottish Government and others have contacted him on the matter, because it is important to the overall success of the 2014 games and to the economic regeneration of the east end of Glasgow, so I am deeply disappointed that, in a Budget when he had the opportunity to talk about parity of tax treatment, he did not take it.

I know also that, following the abolition of the end-year flexibility agreements with the devolved Administrations, a new system was to be introduced and the Chancellor intended to set out details in this Budget. They might be tucked away in a document I have not read, but there was no mention made of that at all, or of whether a new end-year cash reserve could be established so that end-year flexibility was maintained in a way that was beneficial not just to the Scottish Administration, but to Wales and to Northern Ireland.

The Chancellor spoke a lot about the green economy and about several measures that he intends to take, and, as the Economic Secretary and the Chancellor know, there is still accrued £195 million of fossil fuel levy that only the Scottish Government can use. It ought to be released, but under the current rules it cannot without a comparable claw-back from the block grant. This was the opportunity for the Chancellor to release those funds, but he missed it.

That is particularly disappointing in relation to the announcement about the green investment bank, which was supposed to be the alternative. In November 2010, in the Treasury Committee, I asked the Chancellor what the timing was for its establishment, and he said that he wanted to get it up and running as soon as possible. He said that he hoped to come forward with proposals on how it was going to be structured between now and Christmas and that he would have set aside money to go into the bank in the comprehensive spending review. It is therefore hugely depressing that we have to wait another year, until 2012, before it can start to function. Given the press coverage that I am sure we have all seen, it looks as though it will be 2015 before it is fully operational.

A further green disappointment is that there was no mention whatsoever of green individual savings accounts—a key Tory policy to be introduced within two years as a way of helping savers to benefit from the growth of the green economy, because the billions raised from their sale would fund the state-backed green investment bank. Yet it seems that because of objections they are to be dropped, choking off a funding stream that would have channelled an estimated £2 billion a year into green technologies. I do not know if the shutdown of green ISAs is part of a wider move to curtail the potential operations of the green bank before it is even set up, but it is extremely worrying. Finally on green issues, the carbon floor price was mentioned. I understand from those who know more about that than I do that it is, in effect, a secret subsidy to the nuclear industry, which is anything but green.

The Chancellor said that this was a Budget for growth, but growth will be stifled if the banks do not lend, and if he takes no action on alcohol duty. Growth will be restricted by his failure to reassess the cuts in capital expenditure, and the opportunity of enterprise zones will be squandered without the proper application of capital allowances. Growth sectors such as the games industry will be damaged by the refusal to introduce tax breaks. Growth in the green economy will be slowed because of the refusal to release funds from the fossil fuel levy, and investment in our green future will be reduced because of delays in setting up the green bank. The Chancellor took an hour to shuffle £10 million. It was a profoundly wasted opportunity when he could have done so much more.

4.37 pm

Joseph Johnson (Orpington) (Con): It is an honour to follow in the slipstream of the new Member for Barnsley Central (Dan Jarvis), who has executed an elegant parachute jump into the Chamber. His forceful and powerful speech was a reminder of how important it is, at a time when the country is making ever greater demands on its armed forces, that we hear the voices of our servicemen and women from all parts of the Chamber.

Thus far we have touched several times on the critical role that the bond markets are playing in framing the budgetary policy of this coalition Government. The hon. Member for Middlesbrough (Sir Stuart Bell), who is no longer in the Chamber, asked when it was that bond markets acquired this pivotal role in our national economic policy making. If I may venture an answer, I think that the views of rating agencies became impossible to ignore when towards the middle of the previous decade—before the onset of the financial crisis—the British Government

"lost control of public spending"

in three key Government Departments: Health, Education and Defence. Those are not my words or views but those of Sir Nicholas Macpherson, the permanent secretary of Her Majesty's Treasury, as expressed in a hearing of the Public Accounts Committee not so long ago; they are available in the Committee report if people wish to have a look.

It is also important for the hon. Member for Middlesbrough to realise that we live in a globalised financial market, and if one cannot fund one's borrowing requirements from captive domestic sources, inevitably one is forced upon the mercies of the international capital markets, and that is exactly where we find ourselves today.

Mr Kevan Jones: I know that the Conservatives are peddling the line that we are in hock to foreign banks, but does the hon. Gentleman not realise that only about 35% of our gilts and debts are held abroad? Greece is always held up as the big pariah, and its figure is nearly 70%. The hon. Gentleman's argument is frankly complete nonsense.

Joseph Johnson: I thank the hon. Gentleman for that elegantly expressed critique. It is a significant proportion of our borrowing. It is not the totality, and I never said that it was. However, if our marginal investor, whom we need to supply that additional pound of borrowing, is setting the price for our borrowing, that determines the rate at which we finance ourselves. It is as simple as that. That is straightforward marginal pricing through supply and demand.

Mr Jones: Will the hon. Gentleman give way?

Joseph Johnson: No, I will carry on for a little.

In my view, it is only thanks to the resolve and determination of this Government that we have sufficient credibility with the bond markets to have delivered a Budget for growth. The Budget includes an acceleration of the plans to cut corporation tax, which will give a much-needed boost to Britain's international competitiveness. I am particularly pleased by that because at a time when countries need to compete ever more aggressively to attract highly skilled labour, the UK is increasingly being seen not just as a high-tax economy, but as one with a highly complex and unwieldy tax system. The World Economic Forum's global competitiveness report for 2011 ranked the UK tax regime the 95th most competitive out of 135 countries—almost at the bottom of the world rankings. That sends out a terrible signal to global business.

The UK tax regime was once viewed as an asset and I am glad that the Government are proceeding with plans to make it an asset once again. I fully support the Chancellor's plans to give Britain the most competitive business tax regime of any major western economy, and to reverse our slide down the global competitiveness rankings. Already, the coalition Government have reversed planned increases in payroll taxes and lowered small business rates. As we heard from the Chancellor this afternoon, they will accelerate reductions in corporation tax so that by 2014, the rate falls to 23%—the lowest ever rate in this country and the lowest in the G7. That is something that we should celebrate if we are serious about enterprise and entrepreneurialism in this country.

I also welcome the Chancellor's decision to analyse closely whether the top rate of tax is yield positive or negative for the British economy. It is worth considering whether it is deterring investment, thereby losing us more revenue than it is bringing in. A more competitive, simpler and more stable tax regime is an essential precondition for growth and will ultimately be better for everybody in this country, rich and poor alike.

When countries that had public finances in a comparable state to ours last May are still fighting off the terrible spectre of sovereign debt default, it would be terrible folly to slow the pace of what is widely regarded as a necessary fiscal consolidation. Our policies are under intense scrutiny by the international bond markets, to which we are paying £120 million in interest daily. We cannot afford for our borrowing costs to rise, as they have elsewhere. We are paying 3.6% in the gilt markets on our staggering public debt. Other countries are paying rates closer to 8% or 9%, and Greece is paying a staggering 12.6%. We simply cannot afford to be complacent, as the Governor of the Bank of England made clear in a recent hearing of the Treasury Committee, at which he stated firmly that UK gilt rates would rise by three percentage points if we backtracked from the course of fiscal consolidation that we have outlined.

Mr Jones: I wish the hon. Gentleman would do some homework before he makes accusations, and not just swallow the central office lines on such things. He does not tell the House that less than 20% of our debt needs to be repaid in the next three years, whereas Greece and other countries need to repay 36% or 37% of their debt in the next three years. The idea that we have an instant crisis is wrong. Can he tell me when a UK Government have ever defaulted on a gilt payment?

Joseph Johnson: There are problems when a country has a stock of debt as massive as ours. Even with the Government's plans for fiscal consolidation, it will not start declining for some years to come. Under the Labour Government our stock of debt would have peaked at about 80% of gross domestic product, but under the current Government's plans it will peak somewhere below 70%—69%, I think I recall. [HON. MEMBERS: "71%."] Either 69% or 71%. Such a massive stock of debt means that every year, we have to refinance several hundred billion pounds of Government debt. Even if it is not all the debt, that is still a very substantial amount of money.

Richard Fuller: Perhaps my hon. Friend will be interested to read on page 25 of the debt and reserves management report issued today that the gap in the five-year forward rate on debt borrowing is at its highest point for 10 years. That reflects the fact that the market is buying only short-term debt. One of the few assets of this country that the last Government did not sell down the river was the long-dated debt that we have compared with other countries. If we had carried on with their policies, even that would have been lost as a result of their profligacy and waste.

Joseph Johnson: That is a very good point. Markets can turn on a dime if they detect backsliding, and that is not what they are getting from this Government.

Chris Bryant (Rhondda) (Lab): The Conservatives spend all their time suggesting that this is just a national problem. The hon. Gentleman cited the possibility of our debt being 71% of GDP, but in Germany the figure is 79%, in France it is 75%, in Italy it is 116% and in Japan it is 194%. These problems came to every country in the world, and my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) was not responsible for all of them.

Joseph Johnson: Markets can turn on a dime if they detect backsliding. Recovering lost confidence would require much bigger cuts to public spending than the credible ones that the Government have outlined. Evidence for that is in abundant supply in countries on the periphery of the eurozone. Despite the agreement on the post-2013 European stability mechanism, concerns about the underlying solvency of the most vulnerable countries—Portugal, Ireland and Greece—are growing.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I am terribly sorry to interrupt the hon. Gentleman, but will he respond later in his speech to the question that my hon. Friend the Member for Rhondda (Chris Bryant) asked him?

Joseph Johnson: I did not touch on it directly because the reply is obvious. Yes, other countries have large debts, but that does not mean that we do not have an urgent need to reduce the scope of our borrowing and our national interest payments.

Sajid Javid: The hon. Member for Rhondda (Chris Bryant) should recognise that every country's situation is different. He mentions Japan, whose debt might be about 190% of GDP, but it is also the largest creditor nation in the world. Only about 5% of its total debt stock is held by foreign investors. The situation is quite different in our case.

Joseph Johnson: That is an excellent point.

As my right hon. Friend the Member for Wokingham (Mr Redwood) said earlier, Portugal's position is particularly precarious at the moment because opposition parties there, much like here, have refused to back the austerity measures needed to help the country avoid a bail-out. That could force Portugal further down the international bail-out route that was first trodden by Greece last spring and then by Ireland at the end of last year. Portugal's 10-year Government bond yields rose comfortably above 8% yesterday, for the first time since the start of the crisis, reflecting plunging market confidence in the resolve of that country's political class. That cannot be said of the occupants of Nos. 10 and 11 Downing street.

Mr Kevan Jones: The hon. Gentleman uses Greece, but my hon. Friend the Member for Rhondda (Chris Bryant) makes a very good point: we must look at countries individually. Our economy is larger than Portugal's or Greece's and completely different in other ways. In addition, countries such as those have a tradition of being unable to implement fiscal reductions, unlike ours. The basic, simple point is this: £5,000 is a lot to owe for someone earning £10,000, but it is a completely different thing for the hon. Member for Richmond Park (Zac Goldsmith) or other such people to owe that much.

Joseph Johnson: I am not sure which of those many points to focus on. Greece's economy is of course very different from ours, and we have a history of repaying our creditors in full, on time and when we say we will. We do not want to lose that reputation, which is why it is so important that the Government stick to their plans to bring our public finances back on to a sustainable path. We cannot compromise or jeopardise our standing in the international financial markets.

Jacob Rees-Mogg (North East Somerset) (Con): Does not the fact that £332 billion needs to be raised on the gilt market over the next two years, which at an extra 3% would be £9 billion a year of extra interest, show the utterly cavalier approach of Opposition Members in their recent interventions?

Joseph Johnson: Absolutely—their way of looking at our borrowing requirements is completely irresponsible. To think that we should pay more than £120 million a day in interest, which we are currently paying, is utterly absurd.

Chris Bryant: Incidentally, it is interesting to hear the hon. Member for North East Somerset (Jacob Rees-Mogg) condemn cavaliers. I thought he was one in the 17th century.

Many countries whose debt is a higher share of gross domestic product than the UK's are not cutting anywhere near as fast as we are. Of all 29 major industrialised countries, only one is cutting faster than us: Greece.

Joseph Johnson: The hon. Gentleman may be a great economic expert, but he might find that the world's foremost economists and international financial organisations, from the International Monetary Fund to the OECD—the entire gamut of respected economic thought—see this fiscal consolidation as necessary. There is no backsliding, which I applaud.

Before those interventions, I was saying that Portugal is moving ever closer to becoming the third eurozone periphery country to need a bail-out. Borrowing costs are again rising to a new euro-era high in Ireland, which desperately needs eurozone members at tomorrow's summit to reach a political compromise on revised lending terms.

By contrast, Britain is a different story, thanks to the credible policies in the emergency Budget last June and the policies announced in October's spending review. There is no sign whatever of any funding problems in the gilts market—quite the opposite—and we must prize that achievement. We have saved our triple A credit rating, which was under threat of downgrade in the last months of the previous Government, and kept our borrowing costs close to historic lows.

The coalition Government have earned the respect of the international capital markets and have their confidence, because the combination of a tight fiscal and a loose monetary policy remains the best chance of avoiding a sovereign debt crisis while ensuring acceptable increases in GDP. Britain simply could not for long run a budget deficit of 11% of GDP—the second highest in the OECD—without taking the unacceptable risk of losing the confidence of the bond markets. Almost a year on, the wisdom of taking decisive action to reduce the risk of sovereign debt crisis is obvious to all except perhaps

Labour Members. Even Gavyn Davies, the Labour-supporting economist, conceded in yesterday's *Financial Times* that getting the deficit down was a "defensible decision".

A debt crisis would have been disastrous for growth and unemployment, as many European nations are now discovering. Furthermore, unlike those countries, Britain can, and is, using monetary and exchange rate policy to offset the fiscal tightening, as my right hon. Friend the Member for Wokingham said. I hope that that will keep the economy recovering.

As I have said, all manner of international bodies, from the IMF to the OECD, are unanimous in urging the Chancellor to stay the fiscal course that he has so consistently outlined for this country. Yes, real GDP growth may have dipped temporarily as consumers' expenditure has been weakened, and today's growth forecasts for 2011 from the Office for Budget Responsibility may be a little lower than we would have liked. However—

Alison McGovern (Wirral South) (Lab) *rose—*

Joseph Johnson: I will continue, if I may.

However, business surveys have been much stronger than the official data, and the Institute for Fiscal Studies says that the chances of a double-dip recession are no more than 20%. Even Gavyn Davies, the great Labour-supporting economist, admits that this figure is

"not high enough to jettison the government's main strategy, with the loss of credibility which that would imply."

Mr Davies is, of course, completely right. Maintaining the current policy remains the best bet for Britain in the medium to long term, and that is what matters most.

4.55 pm

Diana Johnson (Kingston upon Hull North) (Lab): Let me start by paying tribute to my hon. Friend the Member for Barnsley Central (Dan Jarvis) on making an excellent maiden speech. He talked about the spirit and aspiration of the people of Barnsley. I know that he will make a very good Member of Parliament and will certainly bring that spirit and aspiration to the House of Commons. Let me also say what pleasure I took in the election result in Barnsley. Seeing the good people of Yorkshire give the Liberal Democrats a real pasting—they put them in sixth place and made them lose their deposit—was enormously pleasurable.

The Chancellor talked about the necessity for growth across sectors and across the country. He also said that growth should be properly shared across all parts of the country. I want to talk about growth and the impact on the regions, and particularly the Yorkshire region and the sub-region in the Humber. We recently had some good news in Hull, which is that Siemens will hopefully set up a manufacturing site in east Hull to build wind turbines. That will result in about 10,000 jobs, which is excellent news for Hull and the Humber region. Like all Members across the House, I want a growing economy, high-skilled jobs for all the people in this country, and a well-educated and well-skilled work force. We have a history in Hull, having lost the fishing industry in years gone by, and other historic employment issues that we still need to address, so growth is important for my constituents and my city.

However, it is important that we take an economic reality check and ask what the Budget will actually deliver. The key thing—this has been mentioned by many hon. Members across the Chamber—is that the growth forecast was down last year, it was down this year and it is down the year after. The hopes and aspirations of all my constituents have been dashed by what has happened since this coalition Government came into power.

I want to set this debate in the context of what it means for my city of Hull. Since last May, £20 million has disappeared from Hull's local economy because of the coalition's council cuts. We will see £25 million leaving the NHS in Hull, while £160 million has already gone because plans for the regeneration project in Orchard Park have been axed. Hull's housing pathfinder funding has gone. There is zero decent homes funding for the next three years. Some £21 million has been cut from Hull's Building Schools for the Future programme, and the university of Hull is getting a 5% funding cut.

There are major cuts to services across the piece in the public sector in Hull, which has a direct impact on the private sector. I fail to understand why the coalition does not see that cutting the public sector to the extent that it is will not help growth, but produce even more problems.

Richard Fuller: Does the hon. Lady acknowledge that the country has record debts, and if so, which public expenditure cuts would she make?

Diana Johnson: I am concerned that our economy should grow, and I am trying to set into context—

Richard Fuller *rose—*

Diana Johnson: Will the hon. Gentleman just let me finish? I paid him the respect of listening to his question; I would appreciate it if he would listen to what I have to say.

One way of getting out of the problems that we have experienced as a result of the bankers' problems—not the Labour Government's problems, as the hon. Member for Southend West (Mr Amess) tried to suggest—is to grow the economy. I am with the coalition Government on the need for a growth strategy for the economy, but the measures that have been taken so far will not help to grow the economy in Hull and the Humber.

Richard Fuller: Will the hon. Lady give way?

Diana Johnson: No, I want to carry on making the point about why there is a real need in Yorkshire and, in particular, the Humber to grow the economy. The measures that have been taken are not helping. The result of all that money being taken out of my city is that construction jobs are going and we shall not have the training or the apprenticeships that the Chancellor has talked about. For the first time, we have seen compulsory redundancies at BAE Systems, a major private sector employer just outside Hull on which many of my constituents rely for skilled jobs. It is a place where people want to work, but private sector jobs are being lost there.

The abolition of the regional development agency, Yorkshire Forward, is a huge loss to the region and to the building up of the regional economy. The coalition

[Diana Johnson]

has introduced local enterprise partnerships to assist regeneration. We all agree that we need to regenerate areas such as East Yorkshire and the Humber, and Yorkshire Forward was doing a very good job of building up the economy. The Government's answer was to remove the RDA and create a regional growth fund. Now, whenever a question is raised about where funding can be accessed, we are told to go to the regional growth fund. The housing pathfinder has been scrapped, and the Prime Minister told my hon. Friend the Member for Kingston upon Hull East (Karl Turner) to go to the regional growth fund for money. It seems to me that the fund must already have been spent about 100 times over. It is just ridiculous.

Alison McGovern: Does my hon. Friend acknowledge, as I do, that the impact of these policies is borne out by the numbers, as the growth forecasts are downgraded?

Diana Johnson: That is absolutely clear.

The proposal for a business-led solution to deal with economic growth in the regions appears sensible. In my area, however, local authority politicians on Conservative-led East Yorkshire council and Liberal Democrat-led Hull council have been squabbling among themselves. The business leaders have made it clear that they want a pan-Humber LEP that will bring the economy together on the north and south banks of the Humber. As I said, we have had the wonderful announcement from Siemens on the future of renewable energy in our area, but because of the way in which the local councils in East Riding and Hull are behaving, the business community has been left without an LEP; the Business Secretary would not agree to one because it did not have the support of the business community.

This just shows that the Government's approach is flawed. My area desperately needs economic growth, yet it has been left with no LEP and with the council in Hull squabbling with the councils on the south bank of the Humber. We have great potential for growth in the renewable energy sector, but there is no co-ordinating force. The idea is that LEPs will lead us into the growth strategy that we all want to see, but that is not going to happen in my area.

Mr Stewart Jackson: I fear that the hon. Lady might be suffering from selective amnesia. My recollection is that, in 13 years of a Labour Government, the per capita public expenditure for the people of Hull was significantly higher than for most parts of the UK—it was certainly in the top quartile—yet educational attainment, housing, skills and health outcomes were all in the bottom quartile. Why does she think that was?

Diana Johnson: I am sure the hon. Gentleman will be delighted to know that, because of the additional funding that the Labour Government put in from 1997, huge strides were made in education in my city, with more children achieving at GCSE level and more young people going on to college and university. That is important because it links into the growth strategy. Unless we have an educated, skilled work force, employers will not be attracted into the area. I disagree with the hon. Gentleman.

What the Chancellor announced today is a return to the 1980s. As mentioned earlier, the detail on the enterprise zones is very sketchy and it looks like only limited resources will be available to the 21 areas granted this status. Hull, however, is not in the initial 10 announced today, which is very disappointing because Hull and the Humber is one area where I would have hoped the Government would see the need to invest in and support the economy for it to grow.

The Financial Secretary to the Treasury (Mr Mark Hoban): I am delighted that the hon. Lady is so supportive of our policy on enterprise zones. Perhaps she can encourage her local LEP to bid in the next round for one of them to be based in Humber and then to make a compelling case for the Humber to benefit from the policy.

Diana Johnson: With the greatest respect, if the Minister had listened to what I said, he would know that the Conservatives and Liberal Democrats who run the local authorities in my region cannot agree on an LEP, so there is not one. There is no procedure whereby anyone can lobby the Government for an enterprise zone. I question what will be delivered for local communities through an enterprise zone, and I also question how this policy fits with the localism agenda that the coalition is so keen to promote, whereby local areas are supposed to decide for themselves what they want to do and what best fits their particular needs. I question the announcement today, what it will mean and how it will help areas like the Humber.

I am also intrigued by this start-up Britain initiative. How is that going to help Yorkshire businesses? How is it going to help businesses in the Hull area? This start-up business sounds like a roadshow; I understand that the Prime Minister is going to tour around the country with some business leaders. If that is part of the growth strategy, then we have a long way to go.

Is this really a Budget for growth? I am concerned about some of the announcements that roll back people's rights at work. A race to the bottom is not part of a sensible progressive growth strategy for our economy. We want high-skill jobs; we want a highly trained work force; and we want people treated properly in the workplace. Under the Labour Government, we married up social justice and economic efficiency from 1997 up until 2008, when we had the crisis with the bankers.

I am also concerned that women will lose out in this Budget. I was disturbed at Treasury questions yesterday when one of my hon. Friends raised the issue of how measures taken by the Treasury team were affecting women, only to have it dismissed along the lines of "We cannot possibly provide that information. We can only drill down to a household level. We can't be gender specific." In this day and age, the Treasury can be gender specific and should come clean on what these measures will mean for women and families.

Young people in Hull is another important issue. We are seeing a lost generation of NEETS—those not in education, employment or training. The coalition policies to remove education maintenance allowance and treble university fees will mean more and more young people deciding not to get the skills and the education that we all want them to have. It is a retrograde step when the Government pursue such an agenda against our young people.

Mr Sam Gyimah (East Surrey) (Con): I am listening to what the hon. Lady says about young people not being given the skills they need and about NEETs. I do not know whether she was here earlier this afternoon when the Chancellor announced £200 million for 50,000 extra apprenticeships, which are targeted specifically at those young people who need training and skills to be able to get on the employment ladder.

Diana Johnson: Like all hon. Members, I think apprenticeships are an excellent idea. Employers in Hull, however, will tell anyone that the new criteria that have to be fulfilled to take on an apprentice mean that many of the young people cannot get into the workplace. They may be with a training provider, but actually finding an apprenticeship with a business is proving very difficult. I do not know where these 250,000 apprenticeships are going to come from. If the Government can do this, I say "Excellent, we are all supportive," but to be honest, you are in la-la land—*[Interruption.]*—or, indeed, in the land of green ginger, which is another very good example.

Mr Deputy Speaker (Mr Nigel Evans): When the hon. Lady said "you are in la-la land", she was, of course, referring to me!

Diana Johnson: I meant no disrespect to you, Mr Deputy Speaker. Of course, I did not mean that.

Let me bring my remarks to a conclusion.

Mr Marcus Jones (Nuneaton) (Con): The hon. Lady said that employers did not seem to want to take up the offer of apprenticeships. She is entirely wrong. The Government's current scheme, which will generate a further 40,000 apprenticeships over the next couple of years, is over-subscribed. How can she square that with what she said?

Diana Johnson: With respect to the hon. Gentleman, that is not what I said. Employers in Hull tell me that the opportunities available to their businesses are limited because growth is so restricted, and that they therefore cannot take on apprentices. Meanwhile, providers tell me that they bring young people into the training centres, but then cannot find the apprenticeship places that would enable them to do their training.

There have been a good many academic debates today about what the Budget means—about bond markets and so forth—but in practical terms, for our constituents up and down the country, the real issues are connected with the cost of living. The rate of inflation in this country is now the highest in western Europe, people are worried about whether they will have jobs in the coming months, and there are problems with fuel duty. I am glad that the Government have been able to reduce fuel duty by 1p, but I find it rather ironic that the Conservatives are not able to challenge the European Union on VAT and derogation. Surely this is an opportunity for a party that is for ever wanting to take pot shots at the EU to do something constructive.

I believe that the deep cuts that are being made now will lead to social costs in the long term. It is dreadful that the coalition Government are targeting their cuts at communities in some of the most deprived areas, and at the most deprived and vulnerable groups in those communities. For instance, Hull city council's early years service is being scrapped. We shall have no officers, no support for our nurseries, and no support for children in nurseries who have special educational needs, because the early intervention grant that the Government said would cover the cost of children's centres and support for children under five does not do what it says on the tin. We shall end up with buildings that are open, with caretakers and receptionists, but with no children in them.

As I have said, the coalition Government's cuts will store up a great many problems for the future. They utter plenty of fine words about the need for early intervention and support for families and communities, but they do not deliver the finance.

The Government strike me as a group of deficit deceivers and growth deniers who are making our country a less fair and secure place in which to live. Until 2008, the spending commitments of the right hon. Member for Tatton (Mr Osborne) matched those of the Labour Government across the board. Only when the banking crisis arrived did the then Opposition take a different approach. The Liberal Democrat council in Hull took the view that the Labour Government should be spending far more on Hull, but now Kingston upon Hull council is losing 9% of its budget, while Kingston upon Thames is losing 3%. That is not fair. The Chancellor may stand up and talk about a fair Budget, but this is not a fair Budget; neither is it a Budget for growth.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. By convention, there are no time limits on speeches on Budget day, but many Members still want to take part in the debate. Any Member who speaks at excessive length—for more than about eight minutes, that is—will prevent others from contributing. I ask Members please to show some restraint. There will be other opportunities for them to speak during subsequent Budget debates.

5.14 pm

Richard Harrington (Watford) (Con): I assure you, Mr Deputy Speaker, that I will stick to the guidelines you have given. In fact, uniquely both in this House and in life generally, I find that I am speechless after listening to the hon. Member for Kingston upon Hull North (Diana Johnson). There is a holiday attraction somewhere called la-la land. I cannot remember who mentioned it but, obviously, it is nothing to do with Kingston upon Hull North. The picture the hon. Lady painted forgets who has been in power for the last 13 years and who has been responsible for a bloated public sector and a starved private sector, as well as for unemployment and all the other problems that many people, including the Chancellor, have spoken about today.

Matthew Hancock (West Suffolk) (Con): Is my hon. Friend as confused as I am given that the previous speaker started her speech by saying there are new jobs at Siemens in Hull, thereby showing that manufacturing is expanding under this new Government?

Richard Harrington: My hon. Friend makes a good point, but we heard about Siemens so long ago that it had slipped my mind.

[Richard Harrington]

I shall restrict my comments to my experiences in business of dealing with the economy, and the experiences of my constituents and their businesses in Watford. Watford is not dissimilar to Kingston upon Hull. It has significant unemployment and shares all the same problems as many other parts of the country. Notwithstanding the Chancellor's commendable statement today, the most significant factor in encouraging businesses to invest is the general macro-economic situation. Therefore, the most important aspects of this Budget and the last Budget are the measures for reducing the deficit.

Alison McGovern: The hon. Gentleman is making his speech in his usual eloquent style. Will he comment on why the growth forecasts have been revised downwards?

Richard Harrington: The comments that the hon. Lady somewhat generously applied to my erudition can also be applied to hers. To respond to her question on growth forecasts, we cannot select one figure and say that it makes a fundamental difference, because assessments of growth must be made over a period of time. In my experience, the most important factor for growth is the confidence people have in the economy, and that will definitely come about because of the Government's sensible approach, as opposed to the reckless irresponsibility of their predecessor.

Angie Bray (Ealing Central and Acton) (Con): Is it not the case that in almost every recession that this country has had to fight its way out of, there have been choppy times and there has never been a smooth upward trajectory? It is always the case that some quarters are better than others.

Richard Harrington: With the possible exception of the la-la land factor, my hon. Friend is absolutely right.

I want to talk about some specific factors that are important to business people, and therefore important to growth. There is a lot of talk about banks and the availability of capital, and about what the Government should do and what they have not done. Again, I want to comment based on my experiences in the constituency. The bank lending situation is getting better; there is no doubt about that, as the loans are beginning to come through. In Watford alone, under the enterprise finance guarantee loan scheme, 23 companies have already borrowed money amounting to £4 million. That is a comparatively small sample and it reassures me for the future that this scheme, which is to be expanded, does work, and that it does so in a comparatively short period of time.

It is very fortunate for us that interest rates are low, but the decisions made by businesses do not change when fluctuations are minor, such as 1% up or 2% down. Their decisions do change when the situation reaches a ludicrous point; I was once left with a loan on which I was paying 2% over base when the base rate was 15%. Variations such as 1%, 3% or 5% make little difference. Again, what matters is confidence in the economy and confidence that the Chancellor has done the right thing today. So I must encourage what the Government are doing on the fundamentals, because people and businesses will want to borrow money only when there is confidence in the future and confidence that we are doing the right thing.

My next point relates to the availability of skilled staff. Despite the fact that 3.7% of people in Watford—more than 2,000 people—are on jobseeker's allowance and 700 or 800 young people there are not in education, employment or training, I visit factories and businesses that cannot recruit staff of the right calibre every week. A few weeks ago, I visited Davin Optronics, a manufacturing company that uses skilled labour to make lenses—it deals with complicated stuff. Its fear was that its work force were getting older and younger people did not want to join manufacturing businesses. That is a fundamental issue and we have to change attitudes.

Helen Goodman: How does the hon. Gentleman reconcile that situation with his Government's policy on tuition fees and the fact that this week children in this country are being told that they cannot take three sciences at GCSE because of the cuts to school budgets?

Richard Harrington: The hon. Lady and I were at university at broadly the same time, so we were very privileged. We could debate tuition fees for hours, but no matter what one's arguments on that, the new regime has not changed the current situation and we are, thus, dealing with Labour's policy on tuition fees at the moment. I would be happy to debate tuition fees with her on another occasion, but the real issue is that we have young people and older people who are unemployed, and we have vacancies in jobs that people will not go into. The Government's efforts on work experience for young people—today's announcement on that was tremendous—and on expanding the apprenticeships scheme are very important, as are the technical universities. I commend those efforts because we must have a work force who have the right skills. That is not solely about graduates; it is also about people who are leaving school and are doing apprenticeships and further education courses. What the Government are doing to help will change the availability of staff.

Mr Kevan Jones: Will the hon. Gentleman give way?

Richard Harrington: No, I must make progress.

I normally agree with everything said by my right hon. Friend the Member for Wokingham (Mr Redwood), who is not in his place, and one might think that, as a Conservative Member, I would have an overwhelming interest in bureaucracy, labour laws, red tape and obstacles to business and that dealing with those things would be my top priority. However, important though they are, I think that they are secondary to the macro-economic factors—they are secondary to stability and the feeling of confidence. Germany is a classic example of that, because despite its labour laws and the fact that it has lots of regulation, manufacturing industry works well there. So I am very pleased that we are concentrating on the other issues.

I am keeping in mind your earlier comments, Mr Deputy Speaker, but I just wish to remind hon. Members that Watford is an average kind of constituency and so has 3,000 businesses, with eight being roughly the average number of people employed in them—these are predominantly small businesses. I believe that this Budget will help the long-term confidence for them, despite short-term growth forecasts, and so it is a Budget very much for the small business. It is also a Budget for the

larger business, given the corporation tax measures. However, more importantly, it is a Budget for ordinary people and for their prospects. I believe that it is the best Budget that we could have, given the mess that the Government were left.

Mr Deputy Speaker (Mr Nigel Evans): I thank the hon. Gentleman for his time restraint.

5.23 pm

Rachel Reeves (Leeds West) (Lab): It is a privilege to speak in the same debate as my hon. Friend the Member for Barnsley Central (Dan Jarvis)—the new Member for that constituency—who will be a credit both to his constituents and to this House. We should listen carefully to his words and his warnings.

Today's Budget is equally noticeable for what it does and does not include, because the Chancellor has not heeded the many warnings showing that the Government's economic policies are not working. Gross domestic product figures for the last quarter of 2010 showed that our economy contracted by 0.6%. Government Members blamed the snow, but it snowed in Germany, yet its economy grew by 0.4%, and it snowed in the United States of America, yet its economy grew by 0.7%. The difference is that we are cutting too fast and too deep and they are not.

Another warning can be found in last week's unemployment figures, which showed that unemployment is the highest it has been for 17 years and that youth unemployment is the highest on record. The OBR today showed that unemployment is set to rise to 8.2% this year and 8.1% next year—higher than it was even at the height of the recession. House prices continue to fall and yesterday we learned that the consumer prices index has increased to 4.4% and the retail prices index to 5.5%. There are many warnings that the Government's policies are not working.

Mr Stewart Jackson: I have a quick question for the hon. Lady. Why, on the "Daily Politics" show approximately three hours ago, was she unable to name one measure in this Budget that Labour Front Benchers would vote against?

Rachel Reeves: We would like to vote, for example, on the bank bonus levy and other components of the Budget. My right hon. Friend the Member for Doncaster North (Edward Miliband) set out today that we will consider areas of growth in "The Plan for Growth" green book. There are areas where we want to work with the Government but also areas where we disagree with what they are doing.

Given the warnings I have mentioned, it is hardly surprising that the independent OBR has today downgraded its growth forecast for 2011 to 1.7% and has revised growth for next year to 2.5%. Let us put that in context. Before the Chancellor's first Budget last year, the OBR predicted growth in 2011 of 2.6%. That forecast has now been downgraded three times—to 2.3%, 2.1% and today to 1.7%. Every time the Chancellor gets to the Dispatch Box, the OBR has to downgrade its growth forecasts.

The Government will say that the only way to get growth back on track is to reduce the deficit, but we have also seen today that the OBR's borrowing forecast is expected to be £44.5 billion higher over this Parliament as a result of lower growth and higher unemployment. Despite today's opportunity to think again, however, the Chancellor will still not accept that plan A is not going to plan.

Although the Chancellor has no plan for growth, his implicit plan B, I think, was looser monetary policy, yet today's Monetary Policy Committee minutes show a further split over whether to increase rates and yesterday's inflation data show more pressure for a rate rise. Plan B is looking as forlorn as plan A, with householders likely to see a mortgage rate rise by the summer.

We have heard many times today that the Government cannot change course, but that is a fallacy. Jonathan Portes, the new director of the National Institute of Economic and Social Research, recently said that that intransigence

> "relies on an odd view of market psychology, one that says markets have more confidence in governments that never adjust policy, even when it is sensible...history suggests the opposite: that the real hit to credibility comes from sticking to unsustainable policies".

He is right. Now is the time—more than ever—for the Government to rethink their plan, which is sapping jobs and growth out of the economy.

We need to begin to build the Britain of the future, because confidence in UK plc requires a belief that we have a competitive economy that productively employs its resources, draws on our strengths across the sectors and regions and invests in science, skills, technology and infrastructure. Today's Budget, however, does nothing to foster investment or hope. Although I welcome "The Plan for Growth", which has been published today, and the announcements to relieve us of a further increase in fuel prices and to provide help for first-time buyers, the Chancellor could and should have done more.

Most of all, although the Chancellor has said repeatedly that he will be tough on the banks, page 103 of the Red Book shows that the bank bonus tax brought in £3.5 billion in 2010 whereas the bank levy will bring in just £1.9 billion this year. There is no guarantee that the banks will lend any more to small businesses because the Government agreed gross lending targets and no net lending targets. No wonder the Treasury spokesperson for the Liberal Democrats in the Lords, Lord Oakeshott, resigned, saying that if this was tough action, his name was Bob Diamond. The Government have washed their hands of any responsibility to help small businesses, which are being hit hard by the banks' actions.

There are other areas where the Chancellor could have acted today. We need a plan for green jobs and there is still the potential for Britain to be a world leader, as my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) pointed out earlier, in the green technologies of the future, but the market requires certainty and we are losing the initiative to countries that are willing to provide it. We need action, not just words, on the green investment bank, yet today we found out that it will not be fully operational until 2015.

We need regional economic strategies. The regional growth fund is estimated to be 10 times over-subscribed, and with a two-thirds cut to regional economic investment, cities and towns across Britain are missing out on opportunities to grow and diversify their economies. We risk another overheating in London and the south-east while the potential powerhouses of the north of England

[Rachel Reeves]

are being left behind. Although I welcome the enterprise zones, the evidence from the 1980s shows that such approaches move, rather than create, jobs. Of course, the funding for enterprise zones is a fraction of what the regional development agencies had to spend.

Mr Kevan Jones: Does my hon. Friend agree that because the enterprise zones are being imposed on regions, unlike in London where the Mayor will decide where they are, entire areas of the north-east such as Northumberland and Durham will be completely excluded from them and the little help they will bring?

Rachel Reeves: I do agree. Of course, only half the plans were announced today, which was disappointing.

We need an approach to business taxation that fosters growth. Although the Government have trumpeted the cut in corporation tax, it has so far been funded at the expense of investment and manufacturing allowances, so while big businesses have benefited from a tax cut, start-up and investment-intensive firms have seen their taxes rise. If we are to create the jobs of the future, we need today's entrepreneurs to innovate and that is where the limited funds should be targeted.

We also need greater investment in skills and education. Last year, 8 million people graduated from universities in China and India. No other country is cutting investment in universities, reducing the teaching grant by 80% and cancelling partnerships between business and universities, but that is what the Government are doing.

Last week, we heard that the youth unemployment figure is approaching 1 million and it beggars belief that the future jobs fund is closing its doors in the same month that youth unemployment has risen yet again. One in five young people—more in my constituency—now claims unemployment benefit. Today's unemployment figures are likely to rise further and today's Budget is bad news for young people up and down the country.

The public recognise the need for austerity, but they also want to know that the Government have learnt lessons from the crisis and are determined to build a fairer and more sustainable economic future. Britain could be a world leader in the jobs, technologies and industries of the future but only if the Government support growth. Today was the Chancellor's opportunity to show that he understands the needs of businesses and families, but the OBR's verdict was to downgrade growth for the third time in 2011 and for next year as well. The Government have ignored the wake-up calls. This Budget is a missed opportunity and I urge the Chancellor and his colleagues to think again about what is really needed to ensure that we emerge from this recession with a stronger, fairer economy for everyone in the country.

Mr Deputy Speaker (Mr Nigel Evans): Thank you for your time restraint.

5.32 pm

Mr Stewart Jackson (Peterborough) (Con): It is a pleasure to follow the hon. Member for Leeds West (Rachel Reeves), but I am tempted to say that hers was a bit of a Blue Peter speech—here is one I prepared earlier. I am not sure that she has done anything other than regurgitate the line from the Whips Office.

Rachel Reeves: The main thrust of my speech was to point out that growth had been downgraded and we did not know that until today. It was only when we heard the Budget that we knew that growth had been downgraded, for the third time in a row, to 1.7%, so I could not have written it earlier.

Mr Jackson: I know that the hon. Lady has some expertise on these issues. She can rest assured that my criticism will be confined mainly to the Leader of the Opposition, who delivered a master class in opportunism and vacuity. His loquacity was in inverse proportion to his intellectual insight. In his 15 minutes of speaking, no policy whatever was articulated.

The Budget is supported by the OECD, the International Monetary Fund and business leaders such as the deputy director of the CBI, John Cridland, and David Frost of the British Chambers of Commerce. It is about the Government putting in place the conditions for sustainable, balanced economic growth. Let us remember that the Institute for Fiscal Studies still says that public finances remain in a critical condition, but we have had no alternative whatever from Her Majesty's Opposition. Indeed, we might have to call in Professor Brian Cox, the noted cosmologist, to search for the black hole where the Labour economic policy should be.

Helen Goodman: Will the hon. Gentleman give way?

Mr Jackson: I will make some progress; I am sure that I can let the hon. Lady in a bit later. The priorities of the Budget are primarily to reduce the deficit; rebalance the economy, which was left out of kilter by the Labour Government, with an over-concentration on financial services, the housing market and public expenditure; reform public services; and grow, via initiatives such as the green investment bank, green expertise, knowledge, skills and jobs. If I may give a plug, yesterday a collaboration was announced between Peterborough city council and Cranfield university on a centre for renewable energy and biofuels, to be based in Peterborough.

We need to move towards a high-wage, low-taxation economy with less pressure on household incomes, and the Budget provides a road map for that. No one denies that we have had to make some very tough decisions in the comprehensive spending review and in last year's emergency Budget. There were real-terms cuts in departmental expenditure; the cut to departmental expenditure will be, on average, 11%. However, we should remember that between 1998 and 2010, there was a real-terms increase in budgets in each Department of anything between 2% and 8%. The fiscal tightening between now and 2015-16 will mean that we have to reduce public expenditure and put taxes up, with capital gains tax, tobacco, fuel, the bank levy, consumer prices indexation and child benefit affected. Contrary to received wisdom among Opposition Members, the richest 2% will be hit hardest by the tax benefit and other changes.

What choice do we have? Labour's poisonous legacy and debt millstone left us with simply no alternative. In 2010-11, we had to borrow about £140 billion—perhaps around £10 billion less than expected. Only Ireland has a bigger cyclically adjusted deficit. Labour ran a structural deficit some seven years before the banking crisis in 2007-08, and we entered the financial crisis with the largest structural deficit in the G7. The national debt

doubled between 1997 and 2010. In May last year, we were at significant risk of a downgrading in our international credit rating, with a catastrophic impact on public services, business and consumer confidence, a long period of stagflation, and a contraction in the economy.

Rachel Reeves: I want to enlighten the hon. Gentleman with two facts. First, in 1996, just before the Labour Government came into power, there was a structural budget deficit of 4%, whereas it was 2.5% in 2007. Secondly, he compares the UK economy with that of Greece, but does he recognise the figures that show that although bond yields in Greece increased from 7% to 12% between January and May 2010, in the UK, before the Conservatives came to power, they were falling?

Mr Jackson: The hon. Lady will know that the markets have recognised that the fiscal consolidation that the Government had to put in place as part of a policy of growth in the private sector and consolidation in the public sector has resulted in a lessening of the pressures in the gilt markets, with gilt yields down to 3.53% since May last year, and every 1% is £1 billion of interest payment. Of course, that is change in the pocket to Labour Members; we are spending £120 million on debt every day.

Helen Goodman: Will the hon. Gentleman give way?

Mr Jackson: No, not at this moment.

To put that in context, £95 million could have been spent on schools each day, but we are servicing Labour's debt, and we could be spending £35 million on police, £25 million on social care, and £90 million on defence. The entire budget deficit that the Labour party ran up in government is £42.7 billion. That is 40 Type 45 destroyers, 33 Astute class submarines, 42,700 MRI scans, or 1.3 million nurses. That is the reality of the appalling profligacy and mismanagement of the Labour Government. We do not hear alternatives. We hear a policy that is dishonest, incoherent and irresponsible. The right hon. Member for Morley and Outwood (Ed Balls) shares very few values, I imagine, with the former US President Ronald Reagan, who once said, "I am not worried about the deficit. It is big enough to take care of itself." That sums up the Labour party's attitude in government, and the deficit denial on the Opposition Benches now.

Even some sensible and pragmatic Labour supporters are troubled by the incoherence and the substitution of political opportunism for a realistic alternative policy. The erstwhile Cabinet member, the right hon. Member for Salford and Eccles (Hazel Blears), said at the weekend:

> "The public expects us to at least give a broad direction—but I think they are worried that we haven't been as clear as we ought to be."

She is absolutely right.

The former general secretary of the Labour party, Peter Watt, went further. In a rebuke to the institutionalised deficit denial of the shadow Chancellor, Mr Watt said on the labour-uncut website that Labour

> "is . . . a highly toxic brand. . . we are still opposing every cut . . .It might make us feel better and win some short term popularity. But it isn't an answer to the charge that we had become economically illiterate and had allowed massive overspending."

If there is one lesson that I can offer the Labour party from our long period in opposition, it is this: rarely is it enough to be populist to win the respect of the electorate. That rarely forms the basis of a credible election strategy.

Helen Goodman: Is the hon. Gentleman satisfied with a Budget to which the oil and gas industry responded this afternoon by expressing its shock and stating that the investment climate has been seriously damaged and the Budget will drive jobs away from this country?

Mr Jackson: That is one viewpoint from one group of people. Others, such as Baker Tilly, the tax accountants, say that it is an excellent Budget. So do the CBI, the OECD, other industry groups, house builders and others. *[Interruption.]* I am glad the hon. Lady thinks it is humorous that people are supporting my right hon. Friend's Budget.

Gareth Johnson (Dartford) (Con): One group of people who will welcome the measures in the Budget today is motorists. Does my hon. Friend agree that the measures cutting fuel prices ensure that petrol prices will not only not affect motorists directly, but will not have an impact on the price of goods in the shop, which in turn will assist middle England?

Mr Jackson: My hon. Friend makes an apposite point. I lobbied the Chancellor myself, I campaigned for the policy and I am glad that he has listened to the views of people, many of whom rely on the car to travel to work. It is a matter of public record that had Labour been re-elected in May last year, petrol prices would have been going up an extra 6p. That would be the price of Labour's profligacy.

I am delighted that we are taking more poor working people out of tax, and that we are creating local enterprise zones to drive regeneration in some of the more difficult economic areas of Britain. I am delighted, too, that we are tackling corporation tax and creating conditions in which business wants to relocate to the UK and create jobs.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): But does the hon. Gentleman not realise the great damage the Budget has done by saying to investors, "You come to the United Kingdom, you invest in success, you employ 450,000 people, you make 20% of the Exchequer's corporation tax, and then, once you have made all that investment, the Government move the goalposts and whack up a huge extra tax on your industry"?

Mr Jackson: I fully understand and respect the hon. Gentleman's constituency interests. Were I in his position, I would make the same points. Clearly, when we are in a less than benign financial situation, clearing up the abysmal mess left by the Labour Government, we have to make difficult value judgments. To govern is to choose, and sometimes the choices made will not please everyone. I understand and respect the hon. Gentleman's views, and I am sure the Chancellor and the Treasury Front-Bench team have heard his views.

Dame Anne Begg: Will the hon. Gentleman give way?

Mr Jackson: No, I do not have time. Although other Members spoke for much longer, I will have to finish quickly.

I am delighted about the permissive nature of the reforms to the planning system and about the desperately needed initiatives for first-time buyers. It was extremely important that the mortgage market review of the Financial Services Authority was not going to choke off first-time buyers. Some figures show that 37 is now the average age at which young—less young—men and women buy their first homes. We had a significant housing boom in the 1990s and 2000s and need to encourage the house building industry to build more homes without choking off house prices or the capacity of young people to own houses and flats.

I am also delighted that residential estate investment trusts will be looked at. We need to clarify the regulations relating to brownfield remediation, which is an important part of bringing back into use residential and commercial sites. In future Budgets we need to think carefully about giving tax incentives for saving to first-time buyers so that they can build up moneys for a deposit in preparation for buying a home. We also need to look at stamp duty land tax. I am pleased that we are beginning to look at self-invested personal pensions in relation to people's capacity to invest in the housing market.

In conclusion, the Government have had the courage and determination to take tough decisions and to prepare the ground for economic recovery. A credible plan to deal with our record budget deficit is an absolute precondition for growth. The Chancellor is right to strive for a balanced Budget and a firm and consistent strategy that will deliver for ordinary families in my constituency and across the country lower taxes, more jobs, better living standards and a renaissance in our international competitiveness. That is the only way to achieve future prosperity, which is why on Tuesday I will be supporting the Budget.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. The debate will finish promptly at 7 pm.

5.47 pm

Mr Kevan Jones (North Durham) (Lab): I was going to say that it was a pleasure to follow the hon. Member for Peterborough (Mr Jackson), but we have heard a succession of speeches from Government Members that were not only economically illiterate, but stuck to the rhetoric pumped out during the general election. They seem unable to get away from that rhetoric even when the reality of what this country is facing hits them. We heard a rant from the hon. Member for Southend West (Mr Amess) and, frankly, a very strange speech from the hon. Member for Orpington (Joseph Johnson), who clearly had read something about the gilt market but did not quite understand how it works.

I congratulate my hon. Friend the Member for Barnsley Central (Dan Jarvis) on an excellent maiden speech. I think he will be a great asset to the House. He is a man of great courage in both his private and personal life and in the service of this country. I look forward to many more contributions of the standard he gave today.

I would like to focus on two issues: the lack of a policy for growth in the Budget and how that will not affect positively the economy of the north-east of England. Growth figures for the last quarter of 2010 show that the economy contracted by 0.6%, as was mentioned by my hon. Friend the Member for Leeds West (Rachel Reeves). The Government blamed snow for that, but she eloquently pointed out some great examples of economies that grew despite having weather that was far worse than it was in this country.

On top of that, last week we saw a 17-year high in unemployment, set against a continuing fall in house prices and an increase in inflation to 4.4%. It would not take an astrologer, as was mentioned earlier, or a genius to work out that the OBR was going to have to downgrade its growth forecast today. Initially, it said that growth would be 2.6%; then, that it would be 2.1%; and today, that it will be 1.7%. The lack of growth is the main risk to our economy, and let us be honest, the Budget was spun so much that we could have read or predicted most of it before the Chancellor even stood up at the Dispatch Box today to announce it.

The Government also say that the key thing they have to do is to reduce borrowing, but borrowing is now going up, so even by their standards the economic pill is clearly not working. What is happening now is both risky and dangerous to the UK economy, and, although history cannot be repeated precisely, we need to look back, because one of the key lessons we have learned from the 1920s and '30s is that recovery from large financial crises is delicate, slow and stuttering. Now, as a precise result of this Government's policies since May, growth is down and unemployment, borrowing and inflation are up.

Rachel Reeves: Does my hon. Friend agree with me and the chief economist of the International Monetary Fund, Olivier Blanchard, who says:

> "Unless advanced countries can count on stronger private demand, both domestic and foreign, they will find it difficult to achieve fiscal consolidation"?

Mr Jones: Yes. That is the entire flaw in the Government's policy: the idea that they can cut public expenditure as deeply and savagely as they are going to, and that somehow jobs will be created in the private sector—something that will just not happen. It might happen in parts of the economy, but there is certainly no indication that it will happen in my region. In fact, the situation is even worse, because Durham university's model shows that taking out 20% of the public services will lead to 50,000 jobs going in the north-east, with 20,000 of them actually in the private sector. Replacing those jobs, in addition to the 30,000 in the public sector, is going to be very difficult.

Sammy Wilson: Does the hon. Gentleman accept that, if the growth figures are wrong, the impact will be magnified and multiplied the further one moves away from the south-east of England? The impact on regions of the United Kingdom will be much more severe if the Chancellor has got it wrong.

Mr Jones: The hon. Gentleman makes a very good point, but do the Conservatives care? No, I do not think they do. We saw that in the 1980s and early 1990s in the

north-east of England. His constituents will face similar problems to constituents in the north-east, given the contraction of public sector jobs, which will have a direct impact on the private sector. Trying to attract business and growth to those areas will be very difficult, and I fear that we could have a two-speed Britain: a reasonably prosperous south-east of England, but stagnant or even declining regions, such as the north-east and Northern Ireland. Does the Conservative party care about that? No, I do not think it does.

Sir Alan Beith (Berwick-upon-Tweed) (LD): How does the hon. Gentleman deal with the fact that, even with Labour's slower rate of deficit reduction, he could not have avoided a significant decrease in the number of public sector jobs to meet his party's own projections of how it would reduce the deficit?

Mr Jones: I find that hard to stomach, coming from the right hon. Gentleman, because he is giving succour to the proposals before us, which could damage the north-east economy more severely than even those in Thatcher's day. He is looking both ways, as a Liberal saying one thing in the region, and then coming here and supporting and voting for a Conservative Government who are putting the proposals forward. *[Interruption.]* I will tell him exactly why. What we would not have done is put forward his and his party's ludicrous proposal to abolish the regional development agency, One North East.

The right hon. Gentleman now has to defend his ludicrous policy on local enterprise partnerships, which I shall come to later. He struggled to get re-elected this time; I doubt whether the voters of Berwick will re-elect him if he stands next time. It is important to remember that none of this could have happened without the Liberal Democrats blindly going along and supporting those savage cuts, which will have a terrible effect on a region I know he actually cares deeply about.

Another major aspect of the current economic situation is inflation. The Bank of England is stuck between a rock and hard place. Interest rates are as low as they can go, and quantitative easing is continuing, yet the inflation target is way above where it should be. It is difficult to know what the Bank will do.

We continue to hear, as we have heard several times this afternoon, that there is no alternative to this approach. I am sorry, but there is a definite alternative. We also hear that the fact that we are in this mess is all down to a Labour Government—that only Britain went through the recession in 2008, while the rest of the world did not, and that we got into the position we did only because of Labour's reckless spending and financial management. I want to put some facts on the record. Conservative Members use a lot of rhetoric and soundbites; the famous one from the Prime Minister was that Labour did not mend the roof while the sun was shining. In fact, we did, because when we came to power in 1997, the level of debt was nearly 50% and we reduced it. I remember the tremendous debate within my party when we sold off the 3G licences. People said that we should use that money to fund public expenditure, but the then Chancellor took the very good decision to drive down the level of debt. That left us, going into the economic downturn, in the strong position of having the lowest debt, unemployment and inflation in the G7, and the highest investment from overseas.

Was it right to transform and invest in our public services over those 13 years? Yes, it was. They have been transformed in many parts of this country, certainly in my constituency. When I was first elected in 2001, the hospital in Chester-le-Street was in the old workhouse. We now have a brand-new hospital in Chester-le-street, as well as three others in the area. We have six or seven new primary care centres in County Durham. That is a direct result of public investment. When the economic crisis hit, did we have to respond to that by borrowing? Yes, we did. Was it the right thing to do? Yes, it was.

At the time of the crisis at Northern Rock, if we had followed what the Conservatives, including the current Chancellor of the Exchequer, wanted to do, which was basically to let it fold, we would have had a far worse situation, with a banking crisis that would have devastated not only Northern Rock but every other bank. The then Chancellor put in place a package to support banks, subsidise mortgages, cut VAT, fund apprenticeships, and give people money to buy new cars and stimulate the economy—and it worked. If people want to look for the evidence for that, there is the growth of the economy in the months prior to, and just after, the general election.

Contrast that with what we have now—a Government who do not have a growth strategy and are wedded to a strategy that they feel it would be politically weak to go away from, repeating time and again that there is no alternative. I ask Conservative Members to reflect on what they would have done at that time. Last weekend, the Chancellor said that we were in this financial state because of a decade of over-expenditure by the Labour party. Well, the Conservatives supported our spending targets right up until 2008, so they cannot have it both ways. I ask them to look at the facts rather than what central office spun during the election campaign, which, unfortunately, some of them are continuing to repeat.

Sajid Javid: I am glad that the hon. Gentleman said that one should look at the facts. Is he aware that the spending cuts over this parliamentary period are only 3.7%—0.9% a year—in real terms, which is lower than the spending cuts that were implemented by Denis Healey, a former Chancellor? On that basis, would he still describe them as swingeing, drastic or tough cuts?

Mr Jones: I am sorry, but yes I would. If hon. Members are going to make comparisons, they should compare like with like. Whoever writes the central office briefings does one thing all the time. They compare our economy with that of Greece or, as the hon. Gentleman just did, they compare the British economy today with that of the 1970s. That is complete nonsense.

The central point—some Liberal Democrats are starting to wake up to this, including the Deputy Prime Minister—is that although there is a need and a desire to reduce the deficit, there is also an ideological drive to have a smaller state and to put into practice the ideological prejudices that the Conservatives have yearned to implement for many years. The people of this country will suffer from that. Is there an alternative? Yes, there certainly is.

Mr Greg Knight (East Yorkshire) (Con): This trip down memory lane is very interesting, but, if he does not support the expenditure cuts, will the hon. Gentleman tell us how much more he thinks we as a nation should be borrowing?

Mr Jones: Something that the central office spin machine does very well, and which Thatcher did, is somehow to compare the national economy to somebody's personal expenditure. Can we afford to borrow at the moment? Yes, we can. Borrowing to invest in infrastructure and other things is the right thing to do, and is exactly what we were doing in government. We are increasingly borrowing not to invest in the economy and infrastructure and to add to the country's economic power, but to support unemployment. That is exactly what the Major Government found in their dying days.

It is important to recognise that unemployment in the north-east has reached 10.2%, and that is before the real effects of the public expenditure cuts work their way through. The idea of economic zones or business development zones, or whatever they are called, was announced in the Budget, along with the local enterprise partnerships. One North East was very successful in regenerating the north-east economy. It actually moved the economy away from the public sector and grew the private sector. It had real money. It had £180 million a year, and worked with the local university sector and local authorities to spend European regional development funding. The LEPs have no money attached and the regional growth fund has £1.4 billion to be competed for around the country. Today, we have the enterprise zones.

Mrs Mary Glindon (North Tyneside) (Lab): The Government have said that they want enterprise zones to support real growth and long-term sustainability. Does my hon. Friend agree that the announcement of an enterprise zone for Tyneside means little for growth or sustainability when the Transport Secretary has said that he will not provide funding for the much-needed upgrade of the A19 Silverlink interchange, which businesses have told politicians is essential for the economic development of Tyneside and the wider region?

Mr Deputy Speaker (Mr Nigel Evans): Order. The interventions are becoming very long. I have said that we are under real time constraints, as Mr Jones knows as well.

Mr Jones: I do know that, Mr Deputy Speaker, but it is important to get these things on the record.

My hon. Friend the Member for North Tyneside (Mrs Glindon) makes a good point. The two enterprise zones for the north-east will be in Tyneside and the Tees valley. That important piece of infrastructure is somehow supposed to be funded by the private sector, but that is exactly the kind of public expenditure that should be going into the region to create jobs and regenerate infrastructure. My concern about the enterprise zones is that places such as Durham and Northumberland have been left out. If we look back at the old enterprise zones, we see that all we got from them was a shovelling around of businesses and artificial borders. The zones will make it very difficult to attract inward investment to Durham and Northumberland.

As has been said, page 42 of the Red Book shows that funding for the 22 enterprise zones will add up to about £1 million each over their lifetime, which will not in any way help the regeneration of either Tyneside or Teesside. We will have the talking shops of the local enterprise partnerships, but no real money to do anything. The disastrous situation at the moment is that we have £106 million of European regional development fund but no money for One North East, local authorities or universities to match fund projects. The Government's regional strategy is in a complete and utter mess, and the Budget will do nothing to assist.

One issue that has already been raised is—

Mr Gyimah: So why raise it again?

Mr Jones: Does the hon. Gentleman want to intervene?

Mr Gyimah: The hon. Gentleman said that the point he was about to make had already been raised a number of times, so I was asking why he was raising it again.

Mr Jones: If the hon. Gentleman continues, I might go on for a bit longer, so he must be clever and not do so.

As my hon. Friend the Member for Aberdeen South (Dame Anne Begg) said, it has been billed that the Government have somehow saved the motorist by reducing tax by 1p, but the effects of paying for that will be disastrous for the oil industry in this country, including Scotland. They will be disastrous for the north-east, as it relies heavily on Teesside and Tyneside to supply the expanding gas and oil fields, which need long-term investment. It is completely and utterly irresponsible to throw a spanner into the works of the investment in developing some of the most difficult oil and gas fields in the North sea.

Dame Anne Begg: Does my hon. Friend agree that the danger of today's proposals is that they might fatally undermine the whole North sea offshore sector, which is fragile anyway because the geology makes it difficult to get the oil out? As a result, the country may lose even more money, because the sector is a huge taxpayer. As my neighbouring MP, the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), said, 20% of all corporation tax is paid by the industry. What is being done today could put that in jeopardy.

Mr Jones: I agree, and there will also be a direct impact on jobs in oil exploration and in the booming oil supply business in Tyneside and Teesside. The short-term measure to try to get the Government out of a political fix on petrol prices will cause deep and long-term damage to jobs in the north-east and in my hon. Friend's constituency.

The first-time buyer scheme, which the Red Book states will cost £250 million for just one year, will not help the north-east in any great way, because it will clearly be concentrated where a large number of houses are being built—the south-east and other areas. Because the Government have removed housing targets and affected social landlords' ability to build new houses through the ham-fisted way in which they have structured the financing of social house building, I doubt whether there will be much effect on the north-east.

I also note that none of the £200 million additional investment in regional railways will go further than Leeds. Investment schemes for railways in the north-east—I have been calling for extra capacity for people to commute into Tyneside from Chester-le-Street and other places—will clearly not be forthcoming.

Finally, I wish to mention armed forces pay. The Chancellor said that there would be a £250 uplift for those in the armed forces earning less than £21,000. I remind the House that that is from the same Government who have frozen armed forces pay for the next two years. In addition, they have changed the calculation from RPI to CPI, which will cost many thousands of servicemen and women huge sums of money over the coming years. The Government should not be proud of that. I get rather annoyed because if the previous Government had done that, when I was a Defence Minister, the Conservatives and Liberal Democrats would have howled us down and called us a disgrace.

Is this a Budget for growth? No, it is not. Will it help the north-east of England? No, it will not. Under the confused regional policy that is proposed, which is supported by the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) and his Liberal Democrat colleagues in the north-east, we will find that as the country's economy declines and contracts, regions such as ours will go from the very bad position that they are in now to an even worse one.

6.10 pm

Mr Marcus Jones (Nuneaton) (Con): I will be a Jones who shows some brevity out of courtesy for his colleagues on both sides of the House.

I welcome the Chancellor's Budget and congratulate him on it, because this is a difficult time to be a Chancellor and to deliver a Budget, as it will be for the rest of this Parliament. As much as Opposition Members like to deny it, the Chancellor is constrained by the straitjacket of the deficit and the debt left behind by Labour. We must view the Budget in context. We are paying £120 million a day in interest alone on our debt—£43 billion this year, which is more than we spend on the armed forces, the Foreign Office and the Department for International Development combined—which is a scandal.

I therefore commend the Chancellor for what is, in the circumstances, a first-rate Budget. It goes some way to recognising the financial pain that is being felt in the country, and serves to set a clear tone for the business community. This Government take businesses far more seriously. They recognise that people and businesses and not the state create jobs—sustainable jobs—and that if we are not serious about business, the country cannot sustain in a settled fashion the important public services on which we all rely.

There are positives in the Budget for individuals and businesses, but I shall also respectfully mention one or two concerns about it. I welcome the announcement on fuel, which is currently the biggest issue for my constituents. People will tonight breathe a sigh of relief that the 5p a litre increase programmed into the Budget by the previous Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), has been deferred. I am delighted that that has happened. People will also breathe a sigh of relief that the Government recognised the importance of that, and decided to get off the escalator at the right time, unlike the previous Government, who did not know when to get off, as we saw in 2000 when our fuel depots were blockaded by truckers and angry motorists, which I hope will not happen now.

Mr David Hanson (Delyn) (Lab): Will the hon. Gentleman give way?

Mr Jones: I am not giving way, I am afraid, because certain Members have taken far too long in the debate, thereby stifling others.

I am delighted that the personal tax allowance has been increased to more than £8,000 this coming year. It is vital that we free people from the shackles of tax, particularly those on lower incomes. It is excellent that 1.1 million people will be lifted out of income tax altogether—*[Interruption.]* The hon. Member for Stretford and Urmston (Kate Green) does not understand. The previous Government shackled people to income tax. They increased the minimum wage way above inflation year on year, but they did not increase the personal allowance, which meant that more and more people were sucked into income tax.

Kate Green: Will the hon. Gentleman give way?

Mr Jones: No. I am not giving way to the hon. Lady.

Moving on, I welcome the help that we are giving first-time buyers, although I would ask those on the Front Bench to consider a couple of issues. Can we build the properties that we need to sustain the scheme quickly enough? Would it be better to extend the scheme to older properties, as well as new-build properties? First-time buyers are the lifeblood of the property market and of any chain. I acknowledge that the policy will do a lot of good for the building industry, but we also need to put in place measures to ensure that the property market can sustain itself. Currently it is under intense pressure. Expanding the policy to cover the property market as a whole will do a lot of good and improve the situation for the industries that rely on it.

I make a plea for the Chancellor to look at stamp duty land tax in his next couple of Budgets, because it is quite punitive in terms of the slab rate, particularly up at the £250,000 threshold. Over this Parliament, if not during the next one, we need to look at putting in place changes to stamp duty land tax that result in more marginal rates, just as we have different levels of income tax.

I also make a plea for anything that is done in the property market to be implemented as quickly as is practically possible. Back in 2008, the Labour Government introduced a stamp duty holiday, but if I recall rightly, they suggested in the press that they were doing so about six or eight weeks before it was actually implemented. That had a dramatic and devastating effect on the property market and those involved in it during that interim period. Therefore, we need to ensure that we are expeditious in implementing policies.

This has been a great Budget for business, within the constraints that the Government face. I would like to mention fuel again. Many small and medium-sized hauliers in my constituency are struggling to cope with increases in the price of fuel. In the main, they have to pay for fuel at the pump, but they are not paid by those for whom they work for 60 to 90 days. I am sure that they will welcome the Chancellor's announcement today.

Regulation is one of the biggest banes of business, particularly small and medium-sized businesses, and costs them £80 billion a year, so they will welcome a reduction in red tape and regulation. They will also welcome the fact that the Prime Minister is looking to reduce regulation in the European Union to make it

[Mr Marcus Jones]

more competitive as a whole, which is vital. I hope that Government Members will continue to press the Chancellor and the Prime Minister to ensure that those plans bear fruit, because they are important to freeing up our businesses and allowing them to expand and employ more people.

I want to mention the beer and pub industry. I am slightly disappointed that in today's Budget we have not sought to do anything about the beer duty escalator introduced by the previous Government. Since 2008, beer duty has increased by 26%. Unfortunately, we have not looked to soften that blow today. However, I hope that those on the Front Bench will listen to what I am saying and look to soften the blow for both the brewing industry and the pub industry. We have hundreds of thousands of pubs closing every year. Our great British pub is under pressure, and we should look to support it. I hope those on the Front Bench will take that on board.

Finally, I want to mention the advances that we are making on skills, which are vital to ensuring that our work force can sustain the jobs that we will hopefully help to create in the economy with the additional measures that the Chancellor has mentioned this afternoon. It is fantastic that we will have another 250,000 apprenticeships over the next four years. I am heartened by that, because young people have for so long been cast adrift, and this will help to bring them into employment and training in a sustainable way, and also in a way that will perhaps enable them to garner the knowledge to create their own businesses one day and employ others, which is what we have seen over many years.

I welcome the university training colleges, and I am sure that the large industrial companies in the west midlands will welcome that approach. I hope that it will help people to acquire the skills to fill what those companies are describing at the moment as a void. Companies such as Jaguar Land Rover want to expand greatly, and they need a supply of skills to sustain any such expansion. They need skills from local people in the west midlands. We do not want to bring in people from other countries to fill that void.

Given the constraints that the Government are having to work under—it was far from a golden legacy that we inherited from Labour—this is a positive Budget with good intentions for business and for creating jobs with substance. It also contains measures to bring back to this country the prosperity that has been badly needed for many years.

6.21 pm

Alison McGovern (Wirral South) (Lab): It is an honour to participate in the debate in which my hon. Friend the Member for Barnsley Central (Dan Jarvis) made his maiden speech. He made a really excellent contribution.

I want to comment on two aspects of the Chancellor's statement: first, on inflation and the cost of living that people in Wirral and elsewhere are facing; secondly, on young people and employment. On inflation and the cost of living, we all need to acknowledge the global pressures that are causing price increases in the shops. Those pressures, including what is happening in the middle east and the price of food and other basic materials, make it more important that we get our policy right domestically. We have recently seen CPI inflation rise to 4.4% and RPI inflation rise to 5.5% in the UK, yet inflation for the EU as a whole is 2.8%. This picture of increased prices must also be taken into consideration in the context of our constituents whose wages are being held down. People have not seen an increase in their pay packets, but they are seeing price increases in the shops.

What is causing this inflation? I am well aware of the structure for setting interest rates and controlling price increases, and I look to the Governor of the Bank of England for an explanation as to why inflation has moved away from the targets. He says that

"three factors can account for the current high level of inflation: the rise in VAT relative to a year ago, the continuing consequences of the fall in sterling in late 2007 and 2008, and recent increases in commodity prices".

He cites the Tory tax hike as having played a part in building inflation. My worry is not just about inflation this year, however; it is about people's expectations of building inflation and the permanent hit that they will have on families.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Will the hon. Lady give way?

Alison McGovern: I will not, if the hon. Gentleman does not mind; I am conscious that other Members want to speak.

Labour rightly instigated a temporary reduction in the rate of VAT to help us through the downturn, but I am now worried because the Tory-led Government have implemented a permanent hike in the prices that ordinary people in my constituency face in the shops. That is clearly having a huge impact on our economy and threatening future growth, as has been illustrated by the reduction in the growth forecast.

On the increase in commodity prices which has also caused inflation, the Chancellor said in his statement that the UK would seek to have an impact on those prices through the G20. It is therefore incumbent on Ministers to explain how they are going to engage with our international partners to achieve that. There is no doubt that those worldwide events are having an impact on the streets of Bromborough, Bebbington, Heswall and New Ferry in my constituency, and I would like to know what action the Government are going to take in that regard.

I shall deal briefly with young people and employment. I know that Members across the House care about the issue, but we need to bring some words of caution to the debate. The Chancellor rightly reserved extra funds for the future training of apprentices, but money reserved does not equal apprentices hired. Other factors are necessary for getting young people into employment. The first, business confidence, is vital: businesses must have the confidence to invest. I refer hon. Members to what I said about the in-built inflationary expectations in the economy and what they might do to investment. It is a matter of great concern. A second necessary factor is growth, and it is worrying to see growth forecasts revised downwards. The Chancellor might have said that this was a Budget for growth, but I feel that it was all words and very little action. A final necessary factor is a change in culture, whereby businesses

feel that it is their role to bring on the next generation. The current generation at work should be allowed to share their skills in the informal setting of the workplace to bring on the next generation.

I highlight, as always, the role of my own local authority. Wirral has shown great leadership in the sphere of encouraging small and medium-sized businesses to take on apprentices. However, the local authority cuts, which have been much greater in our area than in others, have put Wirral's ability to play this role in jeopardy. The Government need to think about how they will bring about this change of culture in practice rather than simply reserve the funds and say they are there if business wants to take them.

Finally, I fear that Britain is seeing the end of any interventionist role for the Government. I feel strongly that the future jobs fund was an excellent answer to youth unemployment, but the Government have withdrawn from it. They say they are reserving funds for apprentices, but they are doing little more than that to encourage businesses to invest. We are also seeing inflationary pressures on the cost of living, which the Governor of the Bank of England relates to the rise in VAT. This is a price hike that hard-pressed families in Wirral and elsewhere can little afford. On those two issues that I have prioritised, I would like to see Ministers taking much more action.

Mr Deputy Speaker (Mr Nigel Evans): I thank the hon. Lady for her time restraint.

6.27 pm

Richard Fuller (Bedford) (Con): May I draw your attention, Mr Deputy Speaker, and that of other hon. Members to the Register of Members' Financial Interests and to my interests in venture capital and small businesses? I would also like to join others in praising the hon. Member for Barnsley Central (Dan Jarvis) for his maiden speech, which I thought was eloquent, relevant and insightful.

Unfortunately, I cannot apply those three adjectives to the speech of the Leader of the Opposition, which is a great shame. When I listened to the right hon. Member for Doncaster North (Edward Miliband) during Monday's debate on the UN resolution, I thought he spoke as a serious statesman on behalf of not only his own party, but the whole country. Today, however, I am afraid that his speech was more like a pantomime act than a serious contribution. I hope that the shadow Chancellor will provide a better and more insightful response tomorrow. It is a shame because the people of Bedford and Kempston want to hear not what is not going to be done, but what is going to be done. They heard very clearly from the Chancellor what he was going to do.

It is not my job to tell Opposition Members to do their job, but I think it is time that we heard from them what they would do, which I did not hear. Up until the last speech by the hon. Member for Wirral South (Alison McGovern), I had not heard that at all. If Members are challenged and accept that there is a deficit, it is important for them honestly to come forward and say what steps and measures they would cut. They should not just throw out the next unfunded commitment in response. That does not help achieve consensus in what are very difficult times.

In addition, we are done a disservice because Labour Members' failure to atone makes their constant outcries sound like a masquerade of keening by discredited professional mourners of the past. It would be much more insightful if they were able credibly to engage in the issue of how to get the deficit back under control. As their own unofficial website, labour uncut says, their current strategy of

"Hang on, I haven't decided"

does not answer the needs of the time.

Mr Gyimah: I think that Labour has a plan. As we discovered from its press conference last week, the plan is to repeat last year's bank bonus tax and spend the £2 billion that it raises in 10 different ways.

Richard Fuller: I shall be interested to see how Opposition Members respond to what my hon. Friend has said.

I would subject the Budget to the tests specified by the hon. Member for Barnsley Central: the impact that it will have on the most vulnerable, and what it will do for growth. It is difficult to introduce deficit reduction measures that do not disadvantage the poorest. What the hon. Member for Wirral South said about the impact of rising prices on people who were not receiving increases in their pay packets was absolutely right. I say to Ministers that—not necessarily for the purposes of the current year, but certainly as we look forward to next year and the year after that—we must think very carefully about what we will do for public sector workers who have experienced a pay freeze in at least one year, and in some cases in a number of years. Members on both sides of the House will want to hear a little more about that.

As I said earlier when I intervened on the hon. Member for Aberdeen South (Dame Anne Begg), the issue of the mobility component of disability living allowance is also of vital interest to Members in all parts of the House. We must ensure that we protect the most vulnerable people in our care homes. I have met the Minister responsible for the disabled—the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller)—on many occasions, and I know that she shares my passionate interest in that subject.

In the context of protecting the most vulnerable, let me first urge Ministers to continue to give full support to the welfare reform measures that are being pushed through by the Secretary of State for Work and Pensions. The universal credit will be of major, long-term, significant and beneficial advantage to low-paid and poor people in our country, and it is a measure that those on the Treasury Bench should support in the years ahead.

Secondly, I should have liked to hear a little more about support for our charities. I was very pleased to hear about the £550 million of support that the Chancellor was offering to them in the form of various benefits, but I should have liked him to be more radical. There are many steps that we can take to ease the rules and regulations and break down some of the barriers that prevent social investment from various sources. We should be a bit more open in relation to the way in which money can flow from social investment to outcomes and social impact bonds. I should have liked to hear about personal tax deductions for charitable donations, and I should very much like the Treasury—either directly

[Richard Fuller]

or through the big society bank—to help charities to procure local government services. They need that support to arm them in their continuing battles with bureaucracies.

The Budget expresses strong support for those who wish to invest in our small businesses. It strongly supports angel investment and mentoring. Small businesses and entrepreneurs want support from people—from local people who may have started up their own businesses—and we will seek to provide it in Bedford and Kempston. We will seek to bring together successful local business people who can provide financial support through the advantages offered by the Budget in terms of angel investment, and through mentoring to provide guidance and advice so that small businesses can grow.

The Budget challenges us. As many other Members have said, we are about to be tested, and to go through very difficult times. It is important for Members on both sides of the House to argue constructively, but we should also rest on the great creativity and ingenuity of our small business people and entrepreneurs, because they offer the future that will achieve growth in this country.

Mr Deputy Speaker (Mr Nigel Evans): I thank the hon. Gentleman for exercising time restraint.

6.33 pm

Barry Gardiner (Brent North) (Lab): I shall try to honour the time constraints that you have imposed Mr Deputy Speaker.

Today the United Kingdom has the highest inflation since the days of Margaret Thatcher. The RPI stands at 5.5% and the CPI at 4.4%. Today the United Kingdom has seen the Chancellor announce a lowering of the growth forecast from the 2.6% predicted by the Office for Budget Responsibility last year and the 2.3% in the last Budget to 1.7% today. Today the United Kingdom has the highest unemployment since 1984, when John Major had just taken over from Margaret Thatcher. This is not a Budget for growth into the future. It is a Budget that will take us back to the future of Margaret Thatcher and John Major.

Inflation at 5.5% has a devastating impact on families in the UK, as £1 in every £20 that they earn is now lost. For example, the Secretary of State for Environment, Food and Rural Affairs gave up an enormous 24% of her departmental budget to the Treasury over this spending period, but inflation has now turned that into a real-terms cut of 31%. Have Treasury Ministers commissioned, or do they intend to commission, any research into the capacity of Departments to deliver on their performance indicators, given the effects of rising inflation on the departmental spending cuts that have already been incurred?

It is risible that this Budget has been delivered by a Government who style themselves the greenest ever. The establishment of the green investment bank has been delayed until 2012, and it is still unclear whether it can fully function as a bank or whether it will simply be a glorified fund. The carbon reduction commitment has already outraged the CBI and British business. Instead of rewarding energy-efficient businesses and returning £1 billion to business, as the Labour Government proposed when we introduced the scheme, the Treasury has shifted the goalposts and taken all of the money to itself. I had thought that the implementation of the scheme had been delayed until 2012-13, and that was certainly what was announced to business, but I see from measure O in table 2.2 on page 44 of the Red Book that the Government are now forecasting £715 million of revenue to the Treasury in 2011-12 from that scheme that only goes live in 2012-13. I ask Treasury Ministers to reconcile that anomaly.

The carbon floor price appears on the face of it to be a positive green measure, but in fact it betrays the lack of coherence in Government thinking on this area. The Government's electricity market reform recognises the need to incentivise 18 GWe of new generation capacity in the UK by 2024. That is the equivalent of £200 billion of investment between now and 2020. As Ministers know, much of this generation capacity will come from gas. At a stroke, the Government have pushed away the very investors they sought to attract. They are now likely to encourage more imports and external dependency. Why should European generators generate in the UK when they can generate abroad with no such tax upon them, and then benefit from higher UK prices by use of the interconnectors? One element of the Government's energy market reform strategy has been to increase the use of interconnectors. As a result of this step, investment will be pushed into France, Belgium and the Netherlands. There is incoherence at the heart of the Government's thinking on this matter.

I did not support the Government in the Lobby on Monday night in the vote on military action in Libya. I pay tribute to our armed services, and to their valour and the work they do, but I cannot support the cost of the military escapade taking place in Libya, and I look to what could have been achieved if the funds being expended there were instead being expended around the rest of our country.

Mr Kevan Jones: Will my hon. Friend give way?

Barry Gardiner: No, I will not.

One Tomahawk missile costs £350,000, and 140 of them were launched in the first 48 hours of the attack, which amounts to a cost of £50 million. It is estimated that the cost of prosecuting this military conflict is £6 million each day. The cost of one day of action in Libya could restore in its entirety the £2.25 million of cuts in children's services forced on my community in Brent by this Liberal-Conservative coalition Government. One month in Libya could protect children's services across the whole of London. Nine months in Libya could protect children's services across the entire UK. Aneurin Bevan once said that priorities is the language of socialism. Those are my priorities and that is why I will oppose this Budget.

6.40 pm

Sajid Javid (Bromsgrove) (Con): I congratulate the hon. and gallant Member for Barnsley Central (Dan Jarvis) on an excellent maiden speech.

I would describe this Budget as healthily underwhelming. I say "healthily" because it recognises that private sector growth is crucial to our future prosperity. I say "underwhelming" because it reiterates the need to continue our fiscal consolidation, and I congratulate the Chancellor

on keeping on course with that. The Budget recognises the terrible economic inheritance that this Government were given. Our first Budget was a rescue mission, whereas this Budget is about a desire to build on the foundations for economic growth. Our budget deficit was 11% of GDP—it still is, because the cuts have not yet really begun—and the largest of any major country. Our national debt grew by 150% over the 13 years of the Labour Government to £893 billion by the time they left office. If we add the costs of the banking interventions to that, we find that our national debt is more than £2.1 trillion, according to the Office for National Statistics. That means that our debt as a percentage of GDP is on a par with that of both Lebanon and Jamaica. Our interest rate costs are £120 million a day and £43 billion in total this year, and they will rise each and every year in this Parliament to £66.8 billion. Although Labour Members may be in denial, I am glad to see that the International Monetary Fund, the OECD, the CBI and the Institute for Fiscal Studies are not.

What compounds our problems and the need for this continued fiscal consolidation is the very uncertain global outlook. The eurozone is still in trouble, as I found when I checked the bond market yields of some eurozone countries this morning. Despite the bail-outs, Greece's yields are more than 13% and Ireland's are more than 10%. Portugal is going through a parliamentary test today, and its yields are more than 7.85%. Our five-year bond yields are at 2.37%, despite our having the largest budget deficit of all the countries that I just mentioned. The emerging markets are also causing particular problems for our growth prospects, with things slowing down in China, India, Brazil and Russia—China has hiked rates twice in the past few months. We have relied on economic growth in that country to help our own export industry, so we need to keep an eye on the situation.

Lastly, as has been mentioned, in particular by the hon. Member for Wirral South (Alison McGovern), there is concern about global inflation. Clearly inflation has been caused primarily by rises in the price of oil, metals and food, but in the UK, in particular, devaluation has had an impact. It has had a positive impact on exports, but it tends to import inflation too. What has not been mentioned today is the potential impact of quantitative easing—the policy of buying up to £200 billion of both corporate bonds and gilts. That has an impact on the money supply in this country and it is doubtless having an impact on inflation.

With RPI inflation at 5.5%—the figure was published yesterday—and our gilt rate at 2.37%, the real rate of return is negative on our bond markets and that is a very fragile situation for the markets. To put that into context, the last time that RPI inflation was at that level was in 1991. At that time, our five-year gilt rate was at 10.09%. Clearly if the markets woke up one day and decided that they were not going to accept such low negative interest rates any more, we would be in a much worse predicament. That underlines the need for continued fiscal consolidation.

On the Budget itself, I note that the Red Book shows that spending continues to increase in cash terms from £694 billion to £744 billion by the end of this Parliament and that in real terms the actual fall in public spending is 3.7%. I do not want to belittle such a decline in real terms, but it is certainly not the type of savage cut that has been mentioned by certain commentators and by Opposition Members. In fact, it is about 0.9% a year, less than the cuts made by Denis Healey when he was Chancellor.

I particularly welcome the Chancellor's announcement that he will consider merging the operation of national insurance and income tax. National insurance was introduced by David Lloyd George 100 years ago on the contributory principle, which hardly applies to national insurance today. It makes absolute sense to consider merging its operation with that of income tax so that we can reduce administration and compliance costs and increase transparency. Many times in the past, a Chancellor has stood at the Dispatch Box on Budget day and said that he is not increasing income taxes but has gone on to increase national insurance. That transparency will be welcome and in future it might lead to greater downward pressure from the general public on personal tax levels.

That measure would also add to the simplification of our tax code, which is critical, especially when it comes to helping businesses. Our tax code has doubled in size since 1997, with a guide almost 2,000 pages long, and it is equivalent to 10 copies of Tolstoy's novel, "War and Peace".

Last year, I welcomed the Chancellor's commitment that the 50p income tax rate will not be a permanent feature of the tax system and I urge him, when he reviews the tax rate, to consider it in the same way as he considered capital gains tax when it was raised from 18% to 28%. A dynamic analysis was carried out at that time and perhaps such an analysis could be done of the 50p rate to show that it does not bring in any extra tax from richer members of society. Perhaps if it is cut back down to 40%, the rich will pay more in tax.

The Chancellor made a number of excellent announcements on growth. Time limits me from mentioning them all, but I want to highlight a few, particularly the moratorium for small businesses with fewer than 10 employees. I hope that we can consider ways to deal with regulations from the EU more constructively. I note that the EU agency workers directive, if and when it comes into force, will cost businesses in Britain almost £1.5 billion a year. Although the Government have a one-in, one-out policy, if that is successful it will only keep regulation at current levels. I hope that it will become a one-in, two-out policy. I welcome the enterprise zones and the decision to speed up planning decisions and ensure that they are made within one year. I also welcome the decision to increase the enterprise investment scheme allowance from 20% to 30% as well as the increase in entrepreneurs' relief and the cut in corporation tax.

The policies that will truly promote growth are those that the Government have started to implement in some of their key plans in other Departments. In education, we will get young people to focus once again on core subjects and, in the context of reskilling our young people, I welcome the announcement that we will increase the number of apprenticeships and build on the good work done by the Minister for Further Education, Skills and Lifelong Learning by adding another 50,000 apprenticeship places by the end of the Parliament. So, 250,000 new apprenticeships will have been created by this Government by the end of the Parliament. I welcome the decision in the context of welfare to introduce the

[Sajid Javid]

universal credit, which will ensure that it will always pay anyone on out-of-work benefits to be in work rather than out of work.

In conclusion, the Budget deals with our fiscal overstretch and promotes growth in tandem with other Government policies. I commend it to the House.

6.49 pm

Stella Creasy (Walthamstow) (Lab/Co-op): I share other Members' pleasure in talking in a debate that has had so much heat and also the light of the maiden speech made by my hon. Friend the Member for Barnsley Central (Dan Jarvis).

I want to speak about a question that has been puzzling me for some time. How can the Government be so keen to show that they are tough on the national debt yet so blind to the growing crisis of personal debt that their policies are stoking? Families across Britain today will have listened to the Chancellor and wondered if he really understands the financial pressures they face—if he really has, as he said, done all he can to help them—because of the perfect storm of challenges hitting millions of homes across the country. Thanks to the VAT rise that he introduced, average families will pay an extra £300 to £450 a year in VAT and pensioners will pay an extra £275. Also, the benefits that help many families, such as tax credits and child benefit, are no longer there for them. That is a key concern for many of my constituents who have large families and who just tip into the higher tax bracket because of the London weighting on their wages.

Thanks to the Chancellor's cuts, our economic recovery is stalling, which is why 8% of our working-age population is now unemployed. That is the highest level since 1994 and is set to rise further. Those people are in a job market in which 10 people are chasing every job and the situation is worse in London, with nearly 13 people chasing every job in my constituency. As a result of the cuts in the public sector, 130,000 people lost their job last year and another 170,000 families have members who are on redundancy notices. Buried in today's papers are predictions that another 130,000 people will be made unemployed next year. Even those who are managing to stay in work are getting less because of the public sector pay freeze. The consumer prices index and the retail prices index are rising, reflecting the growing cost of living as clothes, food, energy and travel all cost more.

We are already seeing the impact of those problems. According to the Consumer Credit Counselling Service, London has the highest demand in the country for debt advice. Nationally, half of its clients gave unemployment or reduced income as the reason for their debt problems. In 2008-09 there were twice as many crisis loan applications as in 2006-07 and half of those applicants made two or more applications. Barnardo's has reported a rise of 20% in the number of applications for its emergency loans for families and the UK now has one of the highest levels of personal debt of any country in the world.

There are 60 million credit cards in circulation in our country, for 14% of which customers can afford to make only the minimum payment. We should be extremely alarmed by what some people are using their credit cards to pay for. Shelter has highlighted the fact that one in 12 households in London is using credit cards to pay for mortgage or rent. Across Britain, the figure is one in 20 families. In the face of the changes the Government are making to our economy, families across Britain are struggling to make ends meet. That is vital to our economic recovery because, as we all know, credit is key to that recovery. Recently released figures show how consumer confidence is falling. People are not buying and spending in the way that our economy needs them to if it is to recover, but we should care about that and about personal debt not only because of the figures and the economic conditions but because millions of families now live with the fear of debt.

Half of all British households are worried about their debts and how they are going to pay them. Some 44% of households find that there is too much month at the end of their money and try as they might they cannot make what they earn cover what they need to spend. The problem is only going to get worse. In a recent survey, 43% of people said that they expected their personal financial situation to deteriorate over the next six months. This is not about buying new TVs or fancy holidays—it is about families struggling to feed their kids, pay their bus fares or keep their car going so they can get to work. It is about people having to cut corners or shift money from one credit card to another, chasing deals. It is about people worrying about paying their mortgage, affording school uniforms, arguing about debt and suffering sleepless nights. It is about people wasting time applying for jobs when so many jobs no longer exist.

I judge today's Budget by what it will do to address those problems and to help families across Britain to make ends meet, not least because 20% of those who say they are struggling blame the recent tax rises for that. As the Institute for Fiscal Studies has said today, the Budget is giving with one hand and taking away lots with the other. The crippling impact of the rise in VAT will more than cancel out any change in the income tax threshold. Rather than offering corporation tax cuts to big business, we need to do more to get jobs and growth back into our economy. We need to put the needs of those families first but instead the Government are privatising personal debt.

At a time when people need help accessing credit to keep a roof over their head, the Government are taking away their options for help, with potentially disastrous consequences. They are taking away the social fund and capping the number of crisis loans for living expenses to just three a year, at a time when even more families are struggling.

I welcome the support that the Government have given for credit unions, but it will take a generation for them to become regarded as a serious, mainstream way for families across the country to access credit. As we all know from our surgeries and our conversations on the street, in these difficult economic circumstances, our banks are refusing to lend to businesses and individuals. The truth is that, with no real help in the Budget, there is very little option for many in our communities apart from the high-cost credit market, one of the few areas of our economy that is growing under this Government. Legal loan sharks are profiting from the perfect storm of rising living costs and falling wage packets for families across the country. Those people need our help now, not in the future.

Already, a quarter of payday loan customers cannot borrow from anyone else. They are sitting targets for such companies, whose business models rely on locking people into borrowing at an extortionate yet legal rate, so that what seems like a short-term solution to financial problems quickly becomes a long-term debt. We know that there has been a fourfold increase in payday lending since the recession began, and that due to a lack of regulation in the market in the UK, The Money Shop, Wonga, Provident, BrightHouse and other companies are expanding across the country at an alarming rate. Indeed, they have already pointed to the Government's policies as increasing their customer base.

The problem will only get worse, as the Institute for Fiscal Studies predicts that households' real incomes will be lower than they would have been without the recession. The Governor of the Bank of England predicts that real incomes will stagnate because of the weak condition of the labour market. That means that there are likely to be more and more families in the year ahead finding that they cannot keep their heads above water financially, but the Government have yet to lift a finger to help them. Even if the Government will not do anything that the Office for Budget Responsibility says will increase growth in the economy—we know that the plans put forward today have already been factored into the OBR's growth predictions—they could at least take action on the cost of credit.

Back in February, I warned of the problem, as Members across the House called for a cap on the cost of credit. The Government sought to do what they could to delay taking action. Today, I am giving notice that I will be seeking support for a similar measure in response to the Budget. We can learn the lessons of windfall taxes that targeted the behaviours of particular companies. I want the Budget to review whether the set of companies that I am talking about ought to have their tax systems changed to discourage them from behaving as they do. If the Government will not regulate them, perhaps it is time to use the tax system to deal with legal loan sharks, just as we do with cigarettes and their toxic impact on our communities.

I hope to secure support from across the House for making such a measure part of the Budget, and to challenge the Government not to continue to sit on their hands when there are growing levels of personal debt crippling families in our communities. Introducing such a measure in the Budget could, for some families, be the difference between getting into hundreds of pounds of debt and thousands of pounds of debt. That could be a massively welcome relief for the families who are looking at today's Budget and finding little to help them to make ends meet, and who are therefore having to turn to such companies.

We know that debt in itself can become a barrier to finding employment, as the emotional consequences and financial penalties become too much to bear. If we do not act to protect the poorest communities from unaffordable credit measures, we will all pay through higher welfare bills, lower spending and a lack of growth in the economy. I hope that the Chancellor and his Treasury team are listening to the needs of those families, and I hope that the Government will finally act to end legal loan sharking, so that we can at least get some good news out of today. I do not believe that they have done all that they can to help families who are struggling with the cost of living. If they will not listen to me, perhaps they will listen to a famous lady who I know has been an inspiration to many Government Members. She once argued that if a person could understand the problems of running a home, they were closer to understanding the problems of running a country. The Budget shows that the Government understand neither, and the British people will suffer all the more for it.

Chris Williamson (Derby North) (Lab): Does my hon. Friend agree that at a time when so many more people in society will face huge debts, it is wrong for Derby city council to cut the welfare rights and debt advice provision for local people in my city?

Stella Creasy: My hon. Friend makes an important point. There are families struggling to understand what options are open to them. It is vital to support debt advocacy services. That is why I proposed that in my Consumer Credit (Regulation and Advice) Bill and why it is all the more pity that the Government sought to delay action on that measure—

7 pm

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed tomorrow.

Business without Debate

PRIVATE MEMBERS' BILLS

Motion made,

That, notwithstanding the provisions of Standing Order No. 14(4), Private Members' Bills shall have precedence over Government business on 9 September 2011, 21 October 2011, 25 November 2011 and 20 January 2012.—*(Bill Wiggin.)*

Hon. Members: Object.

PETITIONS

Child Health

7.1 pm

Andrea Leadsom (South Northamptonshire) (Con): The petition states:

The Petition of Staff and Pupils of Hackleton Church of England Primary School,

Declares that just over eight million children die every year before their fifth birthday, mostly from preventable causes like diarrhoea and pneumonia; that ensuring that proven, cost-effective, preventative measures such as immunisation and breastfeeding are available at family and community level can save millions of these lives; that, where child health is prioritised, in countries such as Malawi, there are real and long-lasting results, showing that change is possible; and notes that the petitioners believe that global leaders must prioritise child health and end these unnecessary deaths.

The Petitioners therefore request that the House of Commons urges the Secretary of State for International Development to widen the Government's approach on maternal and newborn health in the developing world to include child health.

And the Petitioners remain, etc.

[P000906]

Hospital Services (Shropshire)

7.2 pm

Glyn Davies (Montgomeryshire) (Con): I bring to the Floor of the House of Commons today a petition in the names of Donna Benbow and Helen Jervis, both young mothers, both constituents and both concerned about the movement of maternity and other services from the Royal Shrewsbury hospital to the Princess Royal hospital at Telford.

By way of background, I should explain that the Shrewsbury and Telford Hospital NHS Trust which serves Shropshire and mid-Wales proposes a reconfiguration of the service that it currently provides. The petition is supported by 3,745 names. The case is also supported by more than 800 people who attended public meetings. Another constituent, Sally Jones, has contributed thousands of names to a petition that is to be presented by my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski).

The petition states:

The Petition of residents of Montgomeryshire,

Declares that the petitioners oppose plans to move the Special Care Baby Unit, the Children's Ward and some maternity services from Shrewsbury to Telford.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to prevent these services being moved from Shrewsbury to Telford.

And the Petitioners remain, etc.

[P000907]

Hospital Services (Shropshire)

7.3 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Like the petition of my hon. Friend the Member for Montgomeryshire (Glyn Davies), my petition revolves around the concerns of local constituents about the move of maternity and paediatric services from the Royal Shrewsbury hospital to Telford. In the six years that I have been the Member of Parliament, I have never received such a large number of signatures—more than 29,000—which reflects the huge objection to the proposals, in conjunction with the opposition of paediatric consultants. For the board to try to move maternity and paediatric services away from Shrewsbury to Telford would be highly flawed and would fly in the face of all Government guidelines.

The petition states:

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to prevent these services being moved from Shrewsbury to Telford.

Following is the full text of the petition:

[The Petition of residents of Shrewsbury and Atcham,

Declares that the petitioners oppose plans to move the Special Care Baby Unit, the Children's Ward and some maternity services from Shrewsbury to Telford.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to prevent these services being moved from Shrewsbury to Telford.

And the Petitioners remain, etc.]

[P000908]

Cheshunt Urgent Care Centre

Motion made, and Question proposed, That this House do now adjourn.—*(Stephen Crabb.)*

7.4 pm

Mr Charles Walker (Broxbourne) (Con): It is a great honour to speak on the Adjournment this evening—we have had the Budget today, so the eyes of the nation are upon this place.

Two years ago, I was involved in a fantastic community campaign to bring an urgent care centre to Cheshunt. I was joined by more than 3,000 constituents in a letter-writing campaign to the primary care trust. We had a number of public meetings, with the car parks overflowing and many hundreds of constituents making their views known. The campaign culminated when I, along with the chief executive and the leader of the council, visited the then Secretary of State for Health, the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson), at the Department of Health. It was a true community campaign. If the big society means anything, that is its basis: people coming together from across a community and joining in one voice to bring a much-needed facility to the constituency.

Since the centre arrived in October 2009, it has been fabulously well received. It is estimated that 400 people a week would use it at most, but in some weeks we have had 700 people voting with their feet by coming to that GP-led urgent care centre. It really is at the heart of the community. The reason so many people choose to use the facility is that it is open 12 hours a day, seven days a week, from 8 in the morning to 8 at night. Unlike many GP surgeries, it does not close for lunch and is open on Saturdays and Sundays, when people can use a medical facility because they are not at work in London.

Despite that enormous success, I was horrified to learn a few months ago that the PCT was not happy with the centre's performance. I do not need to tell you, Madam Deputy Speaker, that being a Member of Parliament over the past three years has been fairly challenging, but one of the bright spots of my career has been walking around my constituency and being stopped by people saying, "Charles, we are so pleased we have the urgent care centre. It was so much needed in this part of the borough. Thank you so much for the campaign you led." It has been enormously gratifying and satisfying to get that level of feedback.

The PCT came to the House to meet Hertfordshire Members and I had my turn to chat with them about the issues relevant to Broxbourne. After 10 minutes of pleasantries I asked, almost off the cuff, "Of course, you're not thinking of closing the urgent care centre, are you?" The reply was, "I'm afraid, Charles, that that is one of the options on the table." I am normally a mild-mannered Member, but I am afraid that on that occasion I blew up. I think that I swore. Indeed, I know that I swore. I am ashamed of my behaviour, but it demonstrates how passionately I feel about the centre.

Mr David Burrowes (Enfield, Southgate) (Con): I pay tribute to my hon. Friend for his passion and commitment to the urgent care centre and for the joint campaign run in Cheshunt and Enfield for the retention of a fully functioning accident and emergency department at Chase Farm hospital. Does what has happened to the urgent

care centre not highlight the importance of the Secretary of State's decision to encourage us all to think again about options other than the Barnet, Enfield and Haringey strategy, which would lead to the downgrading of not only Chase Farm hospital in Enfield, but, as predicated, an urgent care centre there?

Mr Walker: My hon. Friend makes an excellent point. He is at the forefront, along with my hon. Friend the Member for Enfield North (Nick de Bois), of the campaign to save Chase Farm hospital's A and E, and I am always proud to join him outside those gates, making the argument for a fully functioning A and E service there.

The PCT has told me that it believes that the GP-led urgent care centre is treating inappropriate cases—whatever those are—and that people going there should be going to their GPs. It asks why it should have to pay for that treatment twice. Of course, they should not pay for it twice, but I always believed that the money should follow the patient, not the GP who does not deliver the service. My constituents use the urgent care centre so fully, because many—not all, but many—GP practices in my constituency do not deliver on their promise, or live up to their end of the deal, to provide a full GP service to them. So my constituents vote with their feet.

GP surgeries close for lunch, early in the evening and at weekends. If people want an appointment, they have to call up on the morning that they want it, only to be told, "We haven't got any today, but if you want to come and see us tomorrow try calling us tomorrow." That is not acceptable, and my constituents are not going to sit at home and wait to be treated like that day after day; they are going to walk to the urgent care centre and get treated there. What really upsets me is that the beacon of success in our constituency—the one that sees up to 700 people a week—now faces closure, while the GPs are not facing the necessary censure for some of their practices in delivering services to my constituents.

I discovered in a PCT board paper that many GP practices in my constituency are in the NHS version of special measures, meaning that they are in the bottom 10% of GP practices in the country. That leads me to ask again, "Why does the urgent care centre, which delivers a high level of service, face closure?" while GPs, as I said earlier, are not delivering the service that they are paid to deliver.

The PCT says that there was a unanimous decision on behalf of a steering committee to change the use of the urgent care centre—at best to make it a minor injuries unit, or perhaps even to close it. It says that the decision came about as a result of a meeting with various stakeholders and some research—independent research, I was told—by an organisation called Opinion Research Services. Of course, it was not independent research, because it was commissioned by the PCT: it paid the bills of Opinion Research Service. I do not know what went on at that meeting, but I am fairly sure of what did not, which is that those there did not get a full picture of how successfully the urgent care centre meets the needs of local constituents.

What I did learn is that the GP services in the area leave a lot to be desired. On page 8, the board report states:

> "A quarterly patient access survey carried out nationally has highlighted perceived problems with access and satisfaction with primary care in the area served by Cheshunt UCC."

On page 8, it goes on to state:

> "In addition, perceived poor access to primary care in and around the area served by Cheshunt must be addressed."

Notice the emphasis on "perceived". It is not perceived poor access, however; it is real poor access. If it was perceived, hundreds of my constituents would not go to the urgent care centre.

On pages 11 and 12, the report states:

> "The need to improve access to primary care in the Cheshunt area has been recognised and steps are being taken in conjunction with the Clinical Executive Committee (CEC) to support and performance manage those practices"—

not a practice, but those practices—

> "in the bottom 10% nationally in terms of patient's perceived access."

Quite frankly, that is not good enough.

I became even more concerned about the situation when I went on to read that it is local GP commissioners who are putting pressure on the PCT to close our successful GP-led urgent care centre.

On page 9, the report states:

> "Local GP commissioners do not support the configuration and have confirmed that they would not wish to commission UCCs as currently configured at...Cheshunt in the future."

On page 12, it states:

> "The view of the GP Practice-Based Commissioning leads in the localities is that these needs are best addressed directly with the practices rather than by way of additional services."

But why are the practices not addressing those needs now?

The PCT has said, with great fanfare, that it is providing additional services and support to GPs to help them to improve. Of course, that is very welcome. However, given that it is providing new telephone systems, automated self-check-in screens, waiting room plasma screens, web-based online appointments systems and electronic document management systems, my constituents and I want to know what on earth has been going on in these practices for the past 10 years. One thing that GPs have not been short of is money, so how have they not placed these absolutely critical tools for managing patient load in their surgeries, with the PCT now having to fund them?

If services in my constituency are to improve, we need competition. We need the urgent care centre to set new standards of treatment. If the urgent care centre, which is driving ever-higher levels of patient care, is shut, what incentive will there be for GPs to improve their service levels? It is incumbent on my local GPs, who are falling behind, either to deliver or surpass that level of care, or perhaps to make way and allow practices to come into the borough that are willing to take up the challenge of opening 12 hours a day and providing weekend services. Until we reach that stage, the PCT has absolutely no excuse for closing down this urgent care centre.

Earlier today, the PCT had a meeting where it decided to downgrade the urgent care centre to a minor injuries unit; it thinks it will get away with that. However, that is not good enough and it will not satisfy my constituents, because closing down the urgent care centre and removing the GPs from it removes the incentive for practices in and around the centre that are not delivering to their patients to improve their services.

[Mr Charles Walker]

As you can see, Madam Deputy Speaker, I am really very annoyed about this. I thought that I would come here and manage to smile my way through it and be magnanimous, but I simply cannot. For my whole life, I have believed that good practice and success should be rewarded. I thought that that was just the way things were—that an organisation that saw an urgent care centre that was delivering not 400 patient outcomes a week, as envisaged, but 600 or 700, would feel that it was a success story that deserved to be built on. By accident or design, our PCT has stumbled on a formula that works and meets the needs of the local community, but instead of building on that, it is pulling the rug from underneath it, and I believe that it is being pressured by some GP practices in my constituency and future GP commissioners to do so.

I will conclude, after my 15 minutes, by saying that there is only one set of vested interests that I represent in this place. It is not the PCT's interests or the GPs' interests—it is the interests of my constituents, more than 520 of whom turned up, at about nine days' notice, at a public meeting that I held last Thursday to say to the PCT: "No, we want to keep our urgent care centre." The PCT has got it wrong, it needs to listen, and we need that urgent care centre in Cheshunt.

7.18 pm

The Minister of State, Department of Health (Mr Simon Burns): I begin by congratulating my hon. Friend the Member for Broxbourne (Mr Walker) on securing what is a very important debate for him and his constituents. I commend him for the commitment that he has shown, as illustrated during his high-powered speech, in campaigning on health issues for his constituents to ensure that they get first-class, quality care. I also take this opportunity to recognise the hard work and dedication shown by NHS staff in his constituency. Their dedication, expertise and drive do so much to improve the health and well-being of his and other hon. Members' constituents on a daily basis. This Government will support and empower them to provide his constituents with health outcomes that are consistently among the very best in the world.

As part of the Government's commitment to the NHS, we are consistently increasing the amount of money we provide to local organisations. Total revenue investment in the NHS in 2011-12 will grow to more than £102 billion. The allocations announced on 15 December will provide primary care trusts with £89 billion to spend on the local front-line services that matter most. That is an overall increase of £2.6 billion, or 3%. Of that, Hertfordshire PCT will receive £1.7 billion—a cash increase of £47.7 million, or 2.9%.

Before turning to the specific issue of the Cheshunt urgent care centre, I will set out the context of our plans to modernise the NHS and bring considerable improvements to the health care experienced by my hon. Friend's constituents. We believe that local NHS services should be centred around the patient, led by local clinicians and free from political interference, either from this House or from the various levels of NHS bureaucracy. To this purpose, we have set out our proposals to liberate the NHS from central control. We will set front-line professionals free to innovate and to make decisions based on their clinical judgment and the needs of their patients, with the sole aim of improving the quality of care given and the outcomes achieved.

Responsibility for budgets and commissioning care will transfer from managers within the PCTs to clinicians in general practice-led consortia. Patients will receive health care that is tailored to their community and their personal circumstances. Our plans will radically simplify the NHS. Two layers of management—strategic health authorities and PCTs—will no longer be necessary. We anticipate a one-third reduction in administration costs, saving the NHS £5 billion by the next election and £1.7 billion in every year after that. Every single penny of those billions of pounds will be reinvested in front-line services.

There are now 177 pathfinder consortia across England, covering 35 million people—more than two thirds of the population. Those consortia are taking a lead in rejuvenating local services, cutting out waste and putting the needs of patients before the needs of the system. There are now three pathfinder consortia in Hertfordshire. The East and North Hertfordshire GP commissioning consortium covers part of my hon. Friend's constituency.

Clinical leadership will go hand in hand with greater local democratic accountability. Under "any willing provider", an increasing number of independent sector and social enterprise organisations will deliver NHS services. Unlike now, local authorities will have the power to scrutinise all providers of NHS-funded services. Local authorities will be able to require the provider to present information and to appear at scrutiny meetings to hold them to account.

Already, 143 local authorities—almost 90% of those in England—have signed up to be health and wellbeing board early implementers, including Hertfordshire county council. The make-up of health and wellbeing boards will be left to their own discretion, but will include representatives of GP consortia, directors of public health, adult and children's services, representatives of HealthWatch, representatives of the NHS commissioning board and locally elected councillors. As well as preparing a joint strategic needs assessment, they will have to draw up a strategy to deliver the requirements set out in that assessment. In short, health and wellbeing boards will promote integrated working across the NHS, public health and social care, and will hold NHS services to account. That will lead to better, more accountable services for local people.

The Government are clear that in a patient-led NHS, any changes to services must begin and end with what patients and local communities want and need. Until the new system is in place, we expect PCTs to follow best practice in ensuring that local communities are fully engaged in such decisions. When it comes to urgent care, it is vital that local services are coherent and easily accessible around the clock. However, we have again been clear that decisions on the form that they should take are best made locally, in the light of local needs.

In the Broxbourne area, there are 12 GP surgeries, four of which are in Cheshunt. The area also has an out-of-hours GP service provided by Herts Urgent Care, based at the Cheshunt community hospital. The community hospital also provides out-patient clinics and a range of

community services. There are 22 pharmacies in the borough, nine of which are in Cheshunt and one of which opens for extended hours.

On the specific matters that my hon. Friend raised regarding the Cheshunt urgent care centre, I understand that in 2007, the former two Hertfordshire PCTs, in partnership with the two Hertfordshire acute trusts, held public consultations on a health strategy, "Delivering quality healthcare for Hertfordshire". The strategy was intended to improve access to urgent care services in Hertfordshire, so that people with urgent but not life-threatening conditions could be redirected from hospital accident and emergency departments to receive more appropriate treatment more quickly and closer to home.

In response to the public consultation, the PCTs agreed to piloting urgent care centres at both Cheshunt and Hertford, on the basis that they would be evaluated before longer-term decisions were made about their future. It is crucial to remember that they were pilot schemes, and it was always understood that after a period of time had passed, so that experience could be gained, they would be evaluated before those longer-term decisions were taken.

The urgent care centres were established as part of a 12-month pilot project between January and December 2010, with the specific objective of relieving pressure on local accident and emergency services. The primary purpose and objective was to reduce the number of patients seen at A and E by 20,000 a year, by providing local people with direct access to urgent care centres. The purpose of those centres is to see and treat people with urgent, but not life-threatening, illnesses such as sprains, strains, broken bones, and minor burns and scalds in a local community setting, allowing A and E departments to concentrate on life-threatening emergencies.

Hertfordshire PCT commissioned an independent research organisation, Opinion Research Services, to evaluate the success of the pilot centres at Cheshunt and Hertford, the latter in the constituency of my hon. Friend the Member for Hertford and Stortford (Mr Prisk). I understand that during the evaluation process, the views of the general public, NHS staff and local GPs were taken into account. Evidence was then submitted to an evaluation panel consisting of local GPs, local councillors, staff from local authorities and representatives of the PCT.

When the evaluation panel met on 17 January this year, it came to the unanimous view that urgent care centres were not achieving their aim of diverting significant numbers of patients from A and E. I remind the House that that, of course, was the primary purpose of the pilot scheme when it was started at the beginning of January 2010. Instead, considerable numbers of those using the urgent care service were seeking advice and treatment usually provided by GPs, for conditions such as raised temperatures, sore throats and headaches. It was never the intention that the urgent care centres would have a primary care focus. They were established to relieve pressure on local A and E services and to treat people with urgent but not life-threatening illnesses.

The evaluation panel recommended that the pilot centres should not continue in their current format. Instead, it recommended that the PCT should consider recommissioning activity through one or two minor injuries units. It also recommended that the PCT consider how it could improve access to high-quality primary care, to compensate for the loss of the urgent care centre.

As my hon. Friend the Member for Broxbourne is aware, Hertfordshire PCT published its board papers on the issue on 18 March. I understand that the PCT met earlier today to consider the recommendations and has decided to uphold them and not recommission the urgent care centres in their current form. Instead, it will consider recommissioning a minor injuries unit at Cheshunt.

I accept, as my hon. Friend made clear, that the Cheshunt urgent care centre is well regarded by local people. However, the provision of services is a matter for the local NHS. As he understands, it is not for Ministers to interfere and micromanage the day-to-day business of the NHS.

My hon. Friend mentioned access to general practitioners in the Cheshunt area. To reiterate what he said, the evaluation panel recommends that the PCT considers how it can improve access to high-quality primary care to compensate for the loss of the Cheshunt urgent care centre. The PCT has upheld that recommendation. I understand that the PCT has a programme of measures to improve access to general practice, to which he referred. I am sure he will agree that it is important to pursue and achieve that.

Mr Walker: I would argue that the PCT ought to have been improving the performance of GPs in my constituency for the past decade. It has arrived a little late at the party.

Mr Burns: My hon. Friend makes an extremely valid point. It is sad that only in the last few months have this Government been able to come to grips with some of the previous Government's failings in making the local health service more accountable to the needs, wishes and requirements of local people. He and I will be totally in agreement on that. That is why I believe that the core of our health service modernisation programme—putting patients at the heart of the delivery of care—is so important. I am sure that he and I agree that that is an appealing principle from which to work.

As my hon. Friend said, the PCT has established a funding initiative for GP practices to support the Improving Access programme, which includes funding for new telephone systems, improved appointments and check-in systems, and medical equipment. The programme continues to be a key area of work for PCT staff, who will work closely with GPs to ensure that it is implemented, and that local people see improvements.

I have been advised—I hope this reassures my hon. Friend—that the latest GP patient survey results show that four GP surgeries in his constituency scored 91% or above in terms of satisfaction with care. Two of those practices—the Cromwell medical centre, which achieved a 92% rating, and the Warden Lodge medical practice, which achieved 93%—are in the Cheshunt area.

I am assured that the PCT will hold discussions with East and North Hertfordshire GP consortium and involve it fully as it conducts that further investigation. I am also assured that the PCT will have conversations with the public and other stakeholders, including my hon. Friend if he wishes, to gain further understanding of the needs of the local population, and to explain to

[Mr Simon Burns]

potential users of the services what a minor injuries unit can provide. In addition, I am advised that the PCT will strengthen its performance management of GP practices to address the problems that some local people have experienced. I fully understand my hon. Friend's concerns, but the board has decided that the PCT needs to explore further the possibilities of setting up a minor injuries unit. I understand that the PCT will test the feasibility of the new unit with providers.

Question put and agreed to.

7.33 pm

House adjourned.

Deferred Division

SECTION 6 OF THE EUROPEAN UNION (AMENDMENT) ACT 2008

That this House takes note of draft European Council decision EUCO 33/10 (to amend Article 136 of the Treaty on the Functioning of the European Union with regard to a stability mechanism for Member States whose currency is the euro) and, in accordance with section 6 of the European Union (Amendment) Act 2008, approves Her Majesty's Government's intention to support the adoption of draft European Council decision EUCO 33/10.

The House divided: Ayes 310, Noes 29.

Division No. 236]

AYES

Adams, Nigel
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Doyle-Price, Jackie
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Durkan, Mark
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grayling, rh Chris
Green, Damian
Greening, Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Luff, Peter
Lumley, Karen
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McDonnell, Dr Alasdair
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Nokes, Caroline
Norman, Jesse
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris

Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Bone, Mr Peter
Campbell, Mr Gregory
Campbell, Mr Ronnie
Carswell, Mr Douglas
Cash, Mr William
Chope, Mr Christopher
Corbyn, Jeremy
Davies, Philip
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Drax, Richard
Gray, Mr James
Henderson, Gordon
Hollobone, Mr Philip
Hopkins, Kelvin
Main, Mrs Anne
McCrea, Dr William
Nuttall, Mr David
Paisley, Ian
Percy, Andrew
Redwood, rh Mr John
Shannon, Jim
Sheerman, Mr Barry
Shepherd, Mr Richard
Simpson, David
Skinner, Mr Dennis
Stuart, Ms Gisela
Tapsell, Sir Peter
Wilson, Sammy

Question accordingly agreed to.

House of Commons

Thursday 24 March 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Solar Power

1. **Neil Carmichael** (Stroud) (Con): What assessment he has made of the likely level of take-up of domestic solar power by 2020. [48538]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): Analysis undertaken by the Department for Energy and Climate Change in February 2010 estimated that the feed-in tariff scheme would lead to the deployment of about 700,000 domestic solar photovoltaic installations by 2020. In the light of the reforms to the schemes and the falling costs, I believe that we can do significantly better than that.

Neil Carmichael: In view of the need for certainty in Government policy, what representations has the Minister received from the investment community since the announcement of the review of the fast-track tariff in relation to solar power?

Gregory Barker: The investors who were looking to invest in larger schemes are disappointed; that is coming through as part of the consultation. This was a difficult decision, and I can assure my hon. Friend that it was not taken lightly. We are, however, absolutely convinced that it was the right thing to do. We inherited from the previous Government a complete mess of a scheme with no proper financial controls or economic modelling, but we have now taken measures that mean we will avoid the boom and bust that we have seen in other countries across Europe. We are providing a platform for long-term growth.

Mr Speaker: I thank the Minister for that, but answers need to be shorter.

Mr David Hanson (Delyn) (Lab): The decision on the feed-in tariff regime has caused great consternation in north Wales—so much so that the managing director of Kingspan, a company in my constituency, has written to me to say:

"DECC has potentially destroyed a renewables sector that is only some 11 months old and taken with it the jobs and growth opportunity that it would have provided for the UK economy in general and North Wales in particular."

In the light of that comment from the managing director of a manufacturing company, will the Minister meet me, my hon. Friend the Member for Wrexham (Ian Lucas) and others to discuss this bad decision?

Gregory Barker: I profoundly disagree with the right hon. Gentleman. We have not cut the budget for the feed-in tariff scheme. We have put in place proper financial controls to ensure that there is money in the system through to 2014. I would be happy to meet him to discuss this matter further, but he must remember that the tariff changes apply only to systems larger than 50 kW, which is equivalent to the size of two tennis courts, and not to domestic housing.

Dan Rogerson (North Cornwall) (LD): Will my hon. Friend consider the letter has been sent to the Secretary of State from the Wadebridge Renewable Energy Network—the WREN group—in my constituency about community-based projects that might be bigger than the new threshold?

Gregory Barker: Community-based projects that are larger than 50 kW—about the size of two tennis courts—and up to 150 kW, which is significantly larger, will still get a tariff comparable to that paid in Germany. We should be competitive with Europe, and the pressure should be on manufacturers to reduce the cost of their products rather than to provide bonuses. We hope that many community projects, particularly those around the 100 kW size, will still be able to go ahead, but the pressure must be on manufacturers to bring down their prices.

Huw Irranca-Davies (Ogmore) (Lab): The Minister has single-handedly destroyed the confidence of the solar sector and the wider renewables sector at a stroke, and personally shredded the Government's green credentials. The Renewable Energy Association says that the industry has been "strangled at birth". Sharp in Wrexham states that this was

"terrible news—effectively destroying the solar sector".

The Solar Trade Association calls the decision "a total disaster", and the Micro-Power Council says:

"The 50 kW plus sector may well wither on the vine: many jobs will go and businesses will see demand dry up."

Is it not just sheer blind arrogance for the Minister to suggest that all those bodies are wrong and that only he is right?

Gregory Barker: The fact is that we inherited a complete pig's ear of a scheme from the previous Government. The hon. Gentleman and the hon. Member for Hackney South and Shoreditch (Meg Hillier) voted against the scheme in 2008, yet they are now the heroes of the feed-in tariff. We have put in proper financial controls and the investment that will guarantee the system for the long term. I would have thought that, having driven the country into the ground, Opposition Members would be more financially prudent, but behold, on the Opposition Front Bench—

Mr Speaker: Order.

Gregory Barker: A graduate of the—

Mr Speaker: Order. Order. Let me just make it clear that when I say "Order", the hon. Gentleman resumes his seat. It is as simple and unmistakable as that.

Huw Irranca-Davies: Thank you, Mr Speaker. I can understand why the Minister is getting so agitated. I have only one more thing to add. Does he at least agree with this eminent expert on the importance of projects of up to 5 GW, who says:

"The idea behind it is to allow the inclusion of non-commercial scale projects, such as those that will be installed by homeowners, small businesses, local authorities, community groups, farmers and others. That would help out hospitals and schools that want to facilitate greater use of renewables and ensure low emissions as part of our 2020 targets."—[*Official Report*, 18 November 2008; Vol. 483, c. 144.]

Those are the words of the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry), then the shadow Minister. Why is he wrong on this as well, and why is the Minister of State the fount of all knowledge?

Gregory Barker: Not for the first time, the hon. Gentleman has his numbers wrong: it is not 5 GW, but 5 MW—and 5 MW is still the equivalent of heating 1,500 homes. The fact of the matter is that the scheme we inherited from the previous Government—*[Interruption]* If the hon. Gentleman calms down, he will have the answer. Given the scheme we inherited, we had some choices to make: we supported either people in their homes, small businesses and communities or very large-scale schemes. We decided to support home owners and consumers; the hon. Gentleman can support big single investors. As I say, it is a clear choice.

Carbon Capture and Storage

2. **Lilian Greenwood** (Nottingham South) (Lab): What steps he is taking to provide funding for further carbon capture and storage demonstration projects. [48539]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): We remain committed to providing public investment for four carbon capture and storage projects and last year announced up to £1 billion for the capital costs of the first project. Decisions on the provision of funding for further projects will be subject to receiving suitable proposals from industry and considerations on value for money and affordability. As the Chancellor announced yesterday, the funding will be provided from general taxation.

Lilian Greenwood: I thank the Minister for that response. Last week, I met young research scientists from the university of Nottingham who were undertaking exciting research into carbon capture and storage. Without detail and clarity on future projects, however, the UK could lose the opportunity to be a world leader in this vital technology, so what is the timetable and the guaranteed funding for demonstration projects 2, 3 and 4?

Charles Hendry: I would be delighted to meet the students the hon. Lady mentions because the skills in our universities form a very important part of the UK's ambition to lead in this technology. We have made it clear up front that there is public funding for projects, with capital up front, and real progress was announced yesterday.

Andrew Bridgen (North West Leicestershire) (Con): Does my hon. Friend agree that, in contrast to the Opposition's array of red tape on funding, the coalition Government need to ensure that the funding for large, important projects such as CCS is as simple and straightforward as possible?

Charles Hendry: My hon. Friend is absolutely right, which is why the Chancellor made his announcement yesterday. This is a simpler way of getting the funding in; it provides the funding up front rather than it being based on output, and it is a significant step forward.

Malcolm Wicks (Croydon North) (Lab): Given the abandonment of the levy and a reliance on Government money from general taxation, the words "blood out of a stone" come to mind, in view of my own experience with the Treasury. Will the Minister assure us that public spending will be made available in addition to what has already been announced to ensure the future of this technology, which is absolutely vital to our fight against global warming?

Charles Hendry: The right hon. Gentleman has tremendous knowledge in these areas, so he will also be aware of the European scheme NER300, to which the United Kingdom has submitted nine projects out of a total of 22 across Europe. That provides capital up-front funding. What the Chancellor announced yesterday removes the tremendous complexity from the levy and provides a much more straightforward scheme to drive this technology forward.

Energy Supplies

3. **Jesse Norman** (Hereford and South Herefordshire) (Con): What recent steps he has taken to ensure security of energy supplies in response to the political situation in the middle east. [48540]

The Secretary of State for Energy and Climate Change (Chris Huhne): The UK has diverse sources of oil and gas, including our own substantial North sea production. Political unrest in the middle east has not led to any oil or gas shortages so far. My Department has been in close contact with the International Energy Agency and International Energy Forum partners, and Organisation of Petroleum Exporting Countries members. Saudi Arabia has said it will make up any shortfall through increased oil production. The IEA has confirmed its readiness to use emergency stocks, if required.

Jesse Norman: I thank the Secretary of State for his reply. Microgeneration is a key part of our future energy security. What impact does my right hon. Friend expect his Department's decisions on feed-in tariffs to have on the number of home owners able to generate their own electricity?

Chris Huhne: I expect the decisions we are taking on feed-in tariffs to ensure a steady and sustained growth in the industry, which will protect householders, who are completely unaffected by the review, in respect of any amount below 50 kW. As the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Bexhill and Battle (Gregory Barker) pointed out, that amounts to two tennis courts and it is absolutely unaffected. We therefore expect that the number of households generating their own electricity will rise.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Secretary of State surely knows that solar is a very important part of future energy security in our country. The recent decision to backtrack on solar means that community groups that were going to make a real contribution now feel deserted. Their banks have deserted them, so this sort of solar initiative will no longer go ahead.

Chris Huhne: I am glad that the hon. Gentleman has taken up this issue. Let me be clear that the decisions we took were designed to ensure sustainable and strong growth in the solar industry. That is absolutely key. We are precisely trying to avoid boom and bust in this sector. If it had gone on growing, the large-scale plants would have gobbled up all the money available for small-scale plants. That would have meant slamming on the brakes, after which there would have been a much greater threat to the industry. We are going to have sustainable growth, which is as it should be.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I put it to the Minister that in the current dangerous and complex circumstances the most important key to the preservation of oil supplies is that Bahrain should remain in friendly hands, and that from the British point of view it is strategically far more important than Libya?

Chris Huhne: The hon. Gentleman has made an interesting and important point. Bahrain is a long-standing friend of this country. We have watched with interest over the years as it has increasingly experimented with becoming a more open society, and it is very regrettable that that process is where it is. I note what my hon. Friend has said, and we are watching the situation closely.

Oil Prices

4. **Mr David Burrowes** (Enfield, Southgate) (Con): What recent representations he has received on the effect on consumers of high oil prices. [48541]

18. **Karl McCartney** (Lincoln) (Con): What recent representations he has received on the effect on consumers of high oil prices. [48555]

19. **Andrew Stephenson** (Pendle) (Con): What recent representations he has received on the effect on consumers of high oil prices. [48556]

20. **Laura Sandys** (South Thanet) (Con): What recent representations he has received on the effect on consumers of high oil prices. [48557]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): I have received a number of representations on the effect of high oil prices on consumers. The Government are aware of the significant impacts that they are having. That is why the Chancellor has announced a £1.9 billion package to ease the burden on motorists, and why I have asked the Office of Fair Trading to investigate the domestic oil market.

Mr Burrowes: How does my hon. Friend expect renewable energy in particular to help off-grid customers who have previously had no alternative to traditional supplies such as heating oil?

Charles Hendry: My hon. Friend has raised an extremely important point. One of the purposes of our world-leading renewable heat incentive is to encourage businesses and, subsequently, homes to install renewable energy equipment. That is an important way of helping people who currently rely on off-grid mechanisms such as oil and gas.

Karl McCartney: I hope that my hon. Friend was as pleased as I was when the Chancellor announced in his Budget statement the scrapping of the fuel duty escalator and the introduction of a fuel duty stabiliser. Does he agree that that will go at least some way towards helping my hard-pressed constituents and fellow drivers in Lincoln and throughout the country, who before the general election were faced with an escalator that involved seven fuel duty increases?

Charles Hendry: I am delighted to join my hon. Friend in his pleasure at yesterday's announcement, and the relief that it will bring his constituents and many others throughout the country. Scrapping the escalator imposed by the previous Administration was a significant change of policy, and all our constituents will be grateful for the steps the Chancellor has taken.

Andrew Stephenson: Given the significant number of households in Pendle and the 3.6 million in the United Kingdom as a whole that are off the gas grid, how soon does my hon. Friend expect the OFT's investigation to be concluded?

Charles Hendry: That is another important point. I have asked the OFT to complete the work quickly. I want to have its report by the autumn, so that we can learn any necessary lessons and make any necessary changes before next winter in order to protect customers who are off the grid.

Laura Sandys: I join my hon. Friends in commending the Chancellor of the Exchequer's announcement yesterday. Many of my constituents will be very, very pleased about it. However, will the Department, during its investigation of the market, look into the discrepancies between pump prices across the country? I do not understand why the prices in my constituency are among the highest, and I am not sure that my constituents do either.

Charles Hendry: The investigation relates chiefly to the domestic oil and gas market, but if there is evidence of unfair and anti-competitive practices in relation to

fuel prices on forecourts, I hope that my hon. Friend will write to the OFT, and I should be grateful if she copied me into the correspondence so that I can see the evidence for myself.

Mr Nigel Dodds (Belfast North) (DUP): Seventy per cent. of households in Northern Ireland depend on domestic heating oil. What discussions has the Minister had with the Northern Ireland Minister of Enterprise, Trade and Investment about possible regulation of the home heating oil industry and the exorbitant prices that households are now being charged?

Charles Hendry: That too is an important point. The fact that Northern Ireland is significantly more exposed than other parts of the United Kingdom in this regard was one of the driving forces behind our request for the OFT investigation. We will work with the devolved Administrations in any way we can to ensure that any particular examples of difficulties in different parts of the country are taken into account.

Kerry McCarthy (Bristol East) (Lab): About a year ago, the then Secretary of State and I were fortunate enough to be taken up on to the roof of Redland Park united reformed church in Bristol by Rev. Douglas Burnett to look at the solar panels installed there, which had made a huge difference to the church's fuel bills—it was not having to pay for fuel at all, and was making money selling electricity back to the grid. Is it not therefore ridiculous that under the new feed-in tariffs other churches in Bristol will not be able to follow suit?

Charles Hendry: As my fellow Minister of State has made clear, the previous Government got their estimates wrong. They assumed there would be no large-scale solar developments in this country by 2013, but there have been a significant number of large-scale applications. That would have blown the budget and made it more difficult to deliver for domestic installations, and we are therefore right to review this process.

Mark Durkan (Foyle) (SDLP): What assessment have the Government made of the effect of speculative commodity indices activity on wholesale commodity prices, and what steps are they taking to restrain such activity by banks here and international funds?

Charles Hendry: There is varying evidence on the effect. There is certainly some evidence that it has pushed up prices, but there is also evidence that hedging can help consumers. We have had discussions with countries, including Saudi Arabia, and it is willing to increase oil production to deal with any market shortages that might arise. I am satisfied from those discussions that demand can be met by increased supply, so shortages should not be a factor in pushing up prices.

Nuclear Safety

5. **Amber Rudd** (Hastings and Rye) (Con): What recent assessment he has made of the adequacy of the nuclear safety regime in the UK; and if he will make a statement. [48542]

8. **Bob Blackman** (Harrow East) (Con): What recent assessment he has made of the adequacy of the nuclear safety regime in the UK; and if he will make a statement. [48545]

11. **Sajid Javid** (Bromsgrove) (Con): What recent assessment he has made of the adequacy of the nuclear safety regime in the UK; and if he will make a statement. [48548]

The Secretary of State for Energy and Climate Change (Chris Huhne): The International Atomic Energy Agency integrated regulatory review service—IRRS—recently noted that the UK has a mature and transparent regulatory system, an advanced review process, and highly trained, expert and experienced nuclear inspectors. Nevertheless, we take the recent unprecedented events in Japan extremely seriously, and I have asked the chief nuclear inspector, Dr Mike Weightman, to provide a report to the Government on the implications and the lessons to be learned for the UK nuclear industry.

Amber Rudd: I thank the Secretary of State for that answer, but I must tell him that a number of residents of Hastings and Rye have written to me, and although they share heartfelt sympathy for the people of Japan, as they live next to Dungeness they now have additional concerns. They want to know what action can be taken to ensure that our country's nuclear facilities are made even more safe.

Chris Huhne: Let me reassure the hon. Lady first and foremost that there are very substantial differences between our situation and that in Japan. We refused to authorise the boiling-water reactor type used in Japan when that was proposed for use in the UK. Secondly, we do not, of course, live in an earthquake zone. The strength of the most severe earthquake in the UK was a mere fraction of the strength of that in Japan—the recent Japan earthquake was stronger than the 1931 Dogger Bank earthquake by, I think, a factor of 60,000—and nor do we have the associated tsunamis. We are not complacent, however, and we are looking into this. We do have extreme weather events, and Dr Weightman has asked all our existing nuclear sites to check that they can withstand the extreme weather events that we experience.

Bob Blackman: With the advent of the electric car, there will clearly be a requirement for much more baseload overnight so that people can recharge their electric cars, which means the case for nuclear power advances quite rapidly. What we need in this country is safe nuclear power. What consideration has the Secretary of State given to ensuring it is produced quickly and safely?

Chris Huhne: As my hon. Friend knows, the coalition Government's plans clearly envisage an important role for nuclear. We aim to bring the first new nuclear on stream for 2018. It is our view that new nuclear can play an important part, and unless Dr Weightman's report gives us any particular reason to reassess that, I see no reason why that should not remain our view.

Sajid Javid: There are undoubtedly lessons to learn from the tragedy unfolding in Japan, and I am pleased that my right hon. Friend says we will learn them.

Nevertheless, does he agree that the only realistic way we can meet the expected huge increase in domestic demand for energy is through the domestic production of nuclear power?

Chris Huhne: As I have just said, our plans clearly envisage an important role for new nuclear. When people visit the departmental website, they can access an interesting pathways model called "My2050", which allows them to see the effort that would have to be made if we did not have nuclear. We would have to make enormously greater efforts on both renewables and carbon capture and storage. That is physically possible, but the costs would be very substantial.

Mr Dennis Skinner (Bolsover) (Lab): The nuclear industry is in serious trouble as a result of what has happened in Japan, we are running out of supplies of North sea oil and fighting all over the place in the middle east is massively increasing the price of oil, so is it not time for king coal again?

Chris Huhne: The hon. Gentleman makes a good point. The entire departmental strategy on energy is to have diverse supplies; it is not to put all our eggs in one basket, be it coal, nuclear or renewables. The reality is that coal will have a role to play in a low-carbon future, as will other diverse supplies.

Albert Owen (Ynys Môn) (Lab): It is right to review the implications of UK civil nuclear power in the light of what happened in Japan. Does the Secretary of State agree that it is also right to explain that strategic site assessments and generic nuclear installation designs have been approved by this House and by the Government, and that we need not only to make it clear to the public that safety is paramount, but to make it clear to business that it is right to invest in nuclear?

Chris Huhne: I assure the hon. Gentleman that I have made it clear in every statement I have been asked to make on this issue that safety is absolutely paramount. That is precisely why I want Dr Mike Weightman to examine all the lessons from Japan, and for us to base any debate on the facts and the evidence, and not on knee-jerk reactions. There have been knee-jerk reactions in other countries, but that is not the right basis for British policy.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): It is fascinating hearing the Secretary of State dance around on this issue. I welcome his remarks as far as they go—clearly safety is paramount in nuclear power—but he has made some comments over the past few days and has today failed to be emphatic about the Government's position on nuclear. Will he make it clear? He has used words—*[Interruption.]* I can hear chuntering from those on the Government Front Bench. He has used words such as "we envisage a role"; he has pointed again to a study of a future without nuclear on his departmental website; and he has talked in *The Observer* about an

"80% reduction in emissions...without new nuclear"

if we invest more in renewables. Those are red herring statements. Will he be emphatic and make it clear to investors what the Government's position is on new nuclear? Will he tell us clearly: is he backing new nuclear?

Chris Huhne: I do not think investors are under any illusions about the position. At the Nuclear Development Forum, I said very clearly that we continue with the plans as set out in the coalition agreement, and that we envisage a role for new nuclear and want to see new nuclear come on, but that we have to put an emphasis on safety. That is why we commissioned Dr Mike Weightman's report. I do not anticipate that it will lead to enormous changes, but we will have to wait to see its results and base the debate on the facts.

Emissions Reductions

6. **Claire Perry** (Devizes) (Con): What recent discussions he has had with his EU counterparts on the setting of an EU-wide 30% carbon dioxide emissions reduction target by 2020. [48543]

The Secretary of State for Energy and Climate Change (Chris Huhne): I have had numerous discussions with my EU colleagues in recent months on the importance of the EU low-carbon transition, including the role of an EU-wide 30% target. In response to the publication of the Commission's 2050 low-carbon road map on 8 March, I wrote an open letter jointly with my ministerial colleagues from Denmark, Greece, Germany, Portugal, Spain and Sweden urging an open debate on a 30% target. I continue to use opportunities such as the discussion of the road map at the forthcoming informal Environment Council meeting to make the case for an early move to a 30% target.

Claire Perry: I thank the Secretary of State for his reply. Does he agree that the Chancellor's Budget statement yesterday confirming the capitalisation, timing and role of the green investment bank will do much to inspire confidence in Britain's ability to achieve its own emissions targets by 2020?

Chris Huhne: I entirely agree with my hon. Friend. One of the most important announcements made yesterday was the one on the green investment bank and the fact that we have trebled the amount of capital found for its capitalisation during this spending round. We will try to do our bit on asset sales, but if they cannot be found, they will be guaranteed by the Treasury. In addition, the fact that the bank can begin to borrow and lend before the large amount of energy investment in offshore wind is crucial.

Nia Griffith (Llanelli) (Lab): I welcome the Secretary of State's comments about working with other European countries to seek a reduction in carbon emissions. Will he explain, then, why his Government have just announced a unilateral carbon floor that is making steel companies, such as Tata in my constituency, extremely jittery and is making them consider pulling out from investing here to invest in other countries in Europe? We will simply be uncompetitive, even with our European partners.

Chris Huhne: The reasons for the carbon price floor were set out clearly by the Chancellor. We need to send out clear signals to investors about the transition to the

low-carbon economy. This measure will do that, and it will also, operating within the power sector, ensure that we use low-carbon sources of electricity through the whole process and the transition rather than merely using high-carbon ones. It is an important part of our transition to a low-carbon economy.

Green Deal

7. **Mr Kevan Jones** (North Durham) (Lab): Whether he plans to bring forward proposals to encourage households to take up the green deal. [48544]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The green deal will be a real game changer, but the Government fully recognise that the deal might need to provide additional drivers if we are to achieve the full scale of our ambitions to retrofit more than 14 million homes by 2020. We are working closely with a range of stakeholders to identify additional triggers that will steer customers towards the green deal and in the Energy Bill we are seeking powers to require changes to poorly insulated private rented accommodation.

Mr Jones: What measures will the Minister use to assess the effectiveness of the green deal, particularly in the light of the fact that he is not linking it to the UK's carbon reduction targets?

Gregory Barker: The green deal is one of a number of tools, but clearly its effectiveness will be tested by the number of homes we manage to insulate and bring up to a decent standard. We have said that our ambition is 14 million homes by 2020. Clearly, that is the huge target that we must meet if we are to meet our carbon budgets.

Roger Williams (Brecon and Radnorshire) (LD): Many of the materials that will feature in the green deal to improve the heat efficiency of homes attract VAT at a rate of 5% but some, such as double glazing, still attract it at a rate of 20%. Does the Minister agree that it would encourage people into the green deal if all the materials were taxed at 5%? Will the Minister investigate to find out whether that can be achieved?

Gregory Barker: The hon. Gentleman makes a good point. Obviously, this policy is primarily led by the Treasury, but I did have a good discussion with Pilkington on exactly this matter only last week. We will continue to look at it.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I was very interested to hear the Minister's response on the green deal. As yet, we have seen no targets in the Energy Bill and nothing to link it to the Climate Change Act 2008 so that it can create a tangible emission reduction. Yesterday, we heard the Chancellor talk up the green deal in the Budget, but not so loud was his announcement on page 117 of the plan for growth that the Government have scrapped the requirement for new homes to be truly zero carbon. Does the Minister agree with WWF, which said that this announcement of the destruction of the policy sweeps away

"years of work and ambition"?

What representations did he make to his colleagues in the Department for Communities and Local Government and the Treasury before the decision was made?

Gregory Barker: This is a DCLG lead, but there should be no doubt about our commitment to the transformation of the housing stock. We know that the Opposition are still addicted to targets, but the difference is that the Government are addicted to real progress and to transformational change. They can carry on creating new targets and we will get on with making real changes in real life.

Nuclear Power Stations

9. **Mr Mike Weir** (Angus) (SNP): What recent discussions he has had with ministerial colleagues on the construction of new nuclear power stations. [48546]

The Secretary of State for Energy and Climate Change (Chris Huhne): I have had discussions with Cabinet and other colleagues in government on energy policy including new nuclear build. We take the recent unprecedented events in Japan extremely seriously and I am having continuing discussions on the subject of new nuclear power stations in the light of the ongoing situation.

Mr Weir: Given that analysis released by Redpoint Energy shows that yesterday's carbon price floor announcement will lead to a windfall profit for existing nuclear stations of £1.33 billion—let alone what it will mean for new stations—how does that sit with Ministers' repeated pronouncements that there will be no public subsidy for nuclear?

Chris Huhne: The carbon price floor is designed to encourage low-carbon sources of energy and it is not in any way designed to attract particular support for one low-carbon source or another. One could equally argue that it is benefiting renewables. That is why it will lead to the switching effect that we find desirable, so that we rely more on low carbon than on high carbon. In addition, the hon. Gentleman will note that the Treasury is considering the impact on existing operators and will keep that under review.

Mr Dominic Raab (Esher and Walton) (Con): This week, the former UK chief scientific adviser Sir David King has said that the real lesson from Japan was that

"nuclear power is even safer than we thought...by far the safest method of power generation".

Will the Secretary of State be mindful of that advice and does he agree with that assessment?

Chris Huhne: I am mindful of it. That is an interesting argument which has been made in many quarters. It is absolutely crucial, comparing the debate in this country with those in other countries such as Germany, that we should base it on the facts and the evidence. That is precisely why I asked Dr Mike Weightman to produce a report—so that we can have a sensible and measured debate based on the facts and the evidence.

Caroline Lucas (Brighton, Pavilion) (Green): Could the Secretary of State say a little more about the assessment he has made of the potential rise in costs of the fleet of

new nuclear following the Fukushima disaster? Will he comment in particular on the likelihood that the Japan accident will make it more difficult for private investors to raise capital to build the eight new reactors that are planned by the Government?

Chris Huhne: On the first point, it is too early to answer the hon. Lady until we have had the report from Dr Weightman and we can understand whether we need improvements in our regulatory regime and whether there are lessons to be learned. There are substantial differences between the Japanese situation and ours but I am determined that we should learn any lessons we can. On the second point, although I spent many years in financial markets I do not claim to know how they will react to particular events as they can often react in a rather faddish and fashionable manner. I think we will just have to wait and see.

Energy Efficiency

10. **Julie Hilling** (Bolton West) (Lab): What steps he is taking to ensure that consumers receive advice on energy-saving measures. [48547]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): Reliable advice will form an important part of the new green deal framework to be introduced in 2012. Having a comprehensive assessment setting out energy efficiency measures that are likely to be suitable for each individual property along with the potential opportunities for microgeneration and renewable heat will be a crucial step in every green deal journey.

Julie Hilling: I have been doing energy surgeries with E.ON in Bolton West, where it has a large base, to advise constituents on ways in which they can cut energy, reduce bills and stay warm. Considerable concern has been raised about the complexity of tariffs and the difficulty, especially for the elderly, of finding the cheapest supply. What can the Government do to help?

Gregory Barker: This is something we are looking at. We have engaged with all the major energy suppliers to create far simpler tariffs. The hon. Lady is absolutely right and if she has something to add—it sounds as though she has—I would be very happy to meet her to harvest her ideas and make sure they are included in the new, improved tariff arrangements that we are bringing forward later this year.

Miss Anne McIntosh (Thirsk and Malton) (Con): One of the easiest ways of introducing immediate energy reduction is educating people to heat hot water only when they need it. What plans do the Government have to bring forward the Walker proposals in this regard?

Gregory Barker: There are no such current plans that I am aware of, but my hon. Friend is absolutely right. We would certainly be happy to consider whether there is a way of incorporating those proposals into our existing plans, because we need to do a great deal more.

Low-carbon Technologies

12. **Bridget Phillipson** (Houghton and Sunderland South) (Lab): Whether he has made an assessment of the potential effects of the outcome of the 2011 Budget on the development of low-carbon technologies. [48549]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The Budget announced several new policies which will support the development of low-carbon technologies including £2 billion of additional capital for the green investment bank, a carbon floor price to provide a stronger, more stable signal to investment in low-carbon generation, and preferential company car tax treatment for low-carbon vehicles. All that is in addition to the creation of 21 enterprise zones and a £100-million boost for science that will further drive green growth.

Bridget Phillipson: The north-east has led the way with the development of low-carbon electric vehicles, as the Minister will know, and with the network of charging points. He will be aware that if those vehicles are to have mass-market appeal there needs to be a comprehensive network of charging points. What further action will the Government take to support a nationwide roll-out of such charging points?

Gregory Barker: We are working closely with our colleagues in the Department for Transport because—the hon. Lady is absolutely right—there needs to be a concerted, joined-up strategy if we are to realise the potential of electric vehicles. There will be more details on that, but I assure her that a lot of work is going on in Government and that the Departments are working effectively together.

Andrew George (St Ives) (LD): The Treasury has resisted the establishment of a public investment bank since the 1930s, so I congratulate my hon. Friends on having achieved that, but it will not be effective until 2015. What can be done to speed up the implementation of the green investment bank?

Gregory Barker: The Chancellor announced yesterday that the green investment bank will be up and ready for business in 2012 and will have £2 billion of additional capital. The key is that it will be able to raise funds from 2015 at scale, in the bond market for example, that will allow it to make a meaningful contribution to the billions of pounds that we will need to raise in the second half of the decade to finance the vital renewable energy infrastructure projects.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Is the Minister really happy that the green investment bank will deliver the necessary investment in green industries as quickly as possible?

Gregory Barker: Yes, I am. I would point out to the hon. Lady that Bob Wigley, who chaired the green investment bank commission, said yesterday:

"The Chancellor has found a pragmatic way of getting the bank up and running with a significant level of seed equity, allowing it to develop its activities without risk to fiscal prudence."

That is absolutely spot on. We think that it will make a substantial difference not only in the next few years, but in the next couple of decades and beyond. This is a key time in the development of financial services.

Meg Hillier: The Opposition welcome the green investment bank, which is something we supported, but we have concerns. The other week we had Government green growth week—I forgive you, Mr Speaker, if you missed it—with a series of rehashed announcements. Yesterday's announcement about the green investment bank worried me because there will be no real investment opportunity for four years. The Minister might be insulated from business, but I meet businesses all the time that need that investment now, so can he tell them when they can approach the bank to borrow money?

Gregory Barker: From 2012, when it opens for business. It is pretty clear. That is why the chairman of the green investment bank, who knows a lot more about business than Members on the Labour Front Bench, was very pleased with the announcement. The £3 billion is an awful lot more than Labour pledged in its manifesto.

Carbon Budget Report

13. **Damian Hinds** (East Hampshire) (Con): When he plans to respond to the Committee on Climate Change's fourth carbon budget report. [48550]

15. **Simon Wright** (Norwich South) (LD): When he plans to respond to the Committee on Climate Change's fourth carbon budget report. [48552]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The Climate Change Act 2008 requires the Government to set the fourth carbon budget level in law no later than 30 June 2011. I anticipate that a statutory instrument will be laid before the House after the Easter recess.

Damian Hinds: The carbon budget plan is still back-ended, calling for reductions of 4.7% compound after 2030 but only 3.2% before. That is credible so long as investment in research and development is strong at the front end. What more can the Minister do, working with colleagues in Government, to stimulate the development of low-carbon vans and heavy goods vehicles as well as power?

Gregory Barker: My hon. Friend is right: there is a whole range of measures, but transport is also key. The recent spending review announced that the Government have provided up to £400 million for measures to promote the uptake of ultra-low carbon vehicle technologies, including support for consumer incentives, the development of recharging infrastructure and a programme of research and development work, which we continue to add to.

Simon Wright: The Committee on Climate Change recommended a tightening of the second and third carbon budgets in the light of the impact of the recession. Does the Minister agree that we must deliver on that recommendation and use the Committee's report as a means of strengthening the UK's global leadership in encouraging our international partners to tighten their emissions targets?

Gregory Barker: My hon. Friend is absolutely right. We must maintain our global leadership position, not only because it is important for tackling dangerous climate change, but because we want to grab market share in the new clean technology markets around the world, which are growing fast. We need to assert our leadership in the low-carbon markets, and to do so we need an ambitious policy to drive it at home.

Mr Peter Lilley (Hitchin and Harpenden) (Con): When my hon. Friend heard Lord Adair Turner spell out his fourth five-year plan, was he, like me, reminded of the old Soviet planning system? I am sure that if anyone could have made the Soviet Gosplan system work it would have been him. Will my hon. Friend treat with great caution forecasts 15 years ahead for the costs to which we are committed, given that the Barclays and Accenture plan reckons that meeting current targets for 2020 will cost €3 trillion?

Gregory Barker: Clearly there is a huge investment agenda, and my right hon. Friend is right, but we see that as an opportunity as well as a cost. He will also know that the cost of doing nothing and standing by while climate change hits the world progressively through this century will be considerably greater than prudent early action.

Low-carbon Technologies

14. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): What recent discussions he has had with ministerial colleagues on attracting private sector investment into low-carbon technologies. [48551]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The Secretary of State regularly meets ministerial colleagues, and attracting private sector investment is one of many topics considered in their discussions on promoting a low-carbon economy and long-term green growth.

Chi Onwurah: As the Secretary of State knows, many innovative clean-tech start-ups throughout the north-east are crying out for funding. Given that the green investment bank cannot borrow and £3 billion is not going to build us our green future, what will he do to ensure that more funding is available?

Gregory Barker: I think the hon. Lady misunderstands the role of the green investment bank. It is there to spur private sector growth and investment, which is ultimately going to deliver the green investment and green growth that we need. The bank, with £3 billion, which is considerably more than the Labour party proposed, is going to be a real engine for growth, but it is not the only show in town; there is a whole range of other policies that we need to promote a green enterprise recovery.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Following the Chancellor's commitment to rebalance our economy, does my hon. Friend agree that Plymouth, with a very fine reputation for marine science and research, has a significant part to play in developing a green and low-carbon economy? Is he willing to come to Plymouth to see the very real work that the university and other authorities are doing within the city?

Gregory Barker: I gladly accept the invitation from my hon. Friend, who is a great champion of Plymouth. With its long maritime history, port facilities and engineering expertise, it is extremely well placed to benefit from that type of green growth, particularly in the marine area, and I look forward to seeing it at first hand.

Electricity Market Reform

16. **Mr Iain Wright** (Hartlepool) (Lab): What recent discussions he has had with representatives of energy-intensive industries on electricity market reform. [48553]

The Secretary of State for Energy and Climate Change (Chris Huhne): Concerted efforts are made by all Ministers and officials in the Department to engage stakeholders with an interest in electricity market reform, including representatives of energy-intensive industries.

Mr Wright: It does not make much sense, either economically or environmentally, when the steel that will be used in the rush to a low-carbon economy is imported from Russia and Ukraine because of electricity market reform and regulatory differences. Tata Steel has a world-class pipe mill in my constituency, and it really wants to play a leading role in the supply chain for the national infrastructure. Will the Secretary of State listen to Tata's concerns, level the playing field for UK firms and ensure that the competitiveness of firms in this country is not hindered?

Chris Huhne: We are very keen to listen to Tata's concerns, and both myself and the Secretary of State for Business have been very aware of energy-intensive industries. It is important to recognise that the costs of a move to the low-carbon economy depend on what we think the costs of staying with the fossil fuel economy are, and judging by recent moves in the oil market we may find that that is a volatile source of supply—and a rather costly one.

Topical Questions

T1. [48563] **Dr Alan Whitehead** (Southampton, Test) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Chris Huhne): In addition to my normal departmental responsibilities, we have commissioned a report from the chief nuclear inspector on the implications of the situation in Japan and the lessons to be learned. We have launched the renewable heat incentive to provide long-term guaranteed financial support for renewable heat technologies, and the Energy Bill has now been introduced to the Commons from the Lords.

Dr Whitehead: Can the Secretary of State clarify whether the carbon floor price that starts in 2013 will be £16 per tonne, as the Chancellor suggested yesterday, or £4.94 per tonne plus the European Union emissions trading scheme amount, as the accompanying Treasury document sets out? If the latter is the case, does the Secretary of State think that it will produce a considerable differential between electricity imported through interconnectors and electricity produced domestically, and what are his plans to deal with that?

Chris Huhne: The Chancellor is absolutely correct, because there is a carbon floor price, and it is designed to ensure that the price, which is composed of the emissions trading scheme and the carbon floor price, is as applied to electricity generators. He is very well aware, I know, of the potential implications of the carbon floor price for interconnection, and that has been taken into account in the Treasury's decision.

T2. [48564] **Damian Collins** (Folkestone and Hythe) (Con): The Government's report, "The Plan for Growth", published yesterday, states that the Secretary of State for Energy

"will also place significant weight on the need to support the economic recovery in related"—

planning—

"consent regimes".

Can he confirm that the Government will now consider the benefits to the local economy of building a new power station at Dungeness as part of their consultation on new nuclear sites?

Chris Huhne: I am aware that my hon. Friend has an important constituency interest in this. He has been a great champion of the interests of his constituents in securing another new plant at Dungeness. I am reluctant completely to redraw the national planning statements, which have already been going out for consultation, but the interests of the national economy certainly need to be taken into account, and they will be.

T7. [48569] **Mr Iain Wright** (Hartlepool) (Lab): Yesterday's announcement from the Chancellor about a supplementary charge for oil and gas producers places a question mark over investment decisions and the possible supply chain, and it might increase still further our reliance on imported oil and gas. Teesside is a major hub for offshore engineering, with many jobs reliant on it. Will the Minister guarantee that no jobs will be lost in Teesside, which is an unemployment hotspot, as a result of the Chancellor's decision?

Chris Huhne: The Chancellor is keen to see new jobs in Teesside; that is precisely why he announced that one of the enterprise zones will be coming to the Tees valley. We have a great commitment to new jobs in Teesside and, indeed, the whole of the north-east. On the hon. Gentleman's specific point, I anticipate, because of the rise in the oil price, that we will have a lot of resources available to operators in the North sea, and I would be surprised if there was not a continued increase in investment.

T3. [48565] **Mr Steve Brine** (Winchester) (Con): In the past, park home residents in Winchester and Chandler's Ford have expressed to me their grave disappointment that they have not been eligible for the Warm Front scheme. Like the omission of a specific park home option on the 2011 census form, this rather feeds the view of many park home residents that they are treated differently. Does the green deal offer them cause for hope, or at least some excitement?

The Minister of State, Department of Energy and Climate Change (Gregory Barker): Yes, it certainly does. I can confirm to my hon. Friend that in relation to funding energy efficiency improvements, the green deal should apply to park homes if they have an appropriate energy meter and qualify under the normal rules. Later this year, we will consult on the size and scope of the energy obligation, including the types of property and householders qualifying for support, and that will include park homes.

T8. [48571] **Julie Hilling** (Bolton West) (Lab): With around 30,000 people dying of cold each winter, the introduction of smart meters and ever-increasing fuel bills, will the Minister meet me to discuss the promotion of cold meters, which sound the alarm when the temperature dips below safe levels? That is particularly important for elderly people.

Gregory Barker: Yes, I will certainly meet the hon. Lady to discuss that. It is not an idea that I have heard a lot about, but it sounds very sensible. The great thing about the green deal is that we want to encourage the introduction of new technologies that will help the consumer.

T4. [48566] **Mr David Burrowes** (Enfield, Southgate) (Con): Enfield has a welcome commitment to increase the supply of decentralised renewable and low-carbon energy. May I invite the Minister to come to Enfield to see for himself these innovative plans, particularly on capturing energy from waste, and to see that when it comes to supporting renewables, instead of chasing mega-business deals, small and local is often beautiful?

Gregory Barker: My hon. Friend is absolutely right; small and beautiful is our vision for a much more decentralised energy economy. I would be delighted to come to Enfield to see the real strides that people are making to achieve that.

Helen Goodman (Bishop Auckland) (Lab): Earlier we heard the Secretary of State boasting about his experience of financial markets. The rules of the Office for National Statistics about how to classify things are absolutely clear. It is more than 20 years since private finance initiatives were set up, so why has he been so incompetent in the way that he has structured the green investment bank, which has been classified in the public sector, giving the Treasury the excuse to delay its borrowing powers for four years?

Chris Huhne: The hon. Lady, as a former Treasury official, knows about this from the inside. I can assure her, however, that I was not boasting of my expertise in financial markets, but drawing attention to the fact that, although I had been in those markets for a considerable period, I was completely incapable of forecasting how they would react in these particular circumstances. I do not believe that we are going to have the problems with the green investment bank that she anticipates. It is clear that this is a historic moment. For the first time, the Treasury and the whole Government are agreeing to set up an institution that will be able to borrow, in its own right, just before the point at which it will need those resources. It will be able to borrow because the offshore wind investments will be there in the second half of the decade. As an ex-Treasury official, the hon. Lady well knows that given all those years in the 1930s when we became the only industrialised country not to set up a public development bank, this is an extraordinary achievement, and I hope that Labour Members recognise it as such.

T5. [48567] **Simon Kirby** (Brighton, Kemptown) (Con): Does the Minister agree that offshore wind farms, such as the one that has been proposed for off the coast of Brighton, will not only help energy supplies and counter the effects of climate change, but boost the local economy?

The Minister of State, Department of Energy and Climate Change (Charles Hendry): My hon. Friend is absolutely right. Wind farms bring significant job opportunities. I have been to the port at Newhaven to talk about those opportunities. This will be an important part of our energy infrastructure going forward. Britain already leads the world in the deployment of offshore wind, and we intend to build on that and to secure supply chain jobs in Britain.

Mr Geoffrey Robinson (Coventry North West) (Lab): My question relates to the renewable heat initiative. I am sure that the Minister remembers the productive meeting that we had with Geothermal International, a small company in Coventry. Although the outcome on the commercial applications side has been very good, the continuing delays on the domestic side are holding back the industry. It is a very important industry in the small and medium-sized enterprises sector, which is being targeted by the Government. If he could hurry up with that, we would be able to make more progress.

Gregory Barker: I assure the hon. Gentleman that the domestic launch is not being delayed at all. The only difference is that at the same time as we launch the industrial scheme this year, we will launch the renewable heat premium. The premium will reach more consumers in the first year than the ordinary tariff under the original model was anticipated to reach. I assure him that the premium will add to the scheme, not detract from it.

T6. [48568] **Mr Robin Walker** (Worcester) (Con): Recent announcements, including that on the premium, have been welcomed warmly by Worcester, Bosch Group, which employs more than 1,000 people in Worcester. It wants the domestic roll-out of the scheme to succeed, and feels that the key to that is winning over installers. Will the Minister update the House on his plans to engage with installers, and will he visit the training centre with me, where more than 10,000 installers are trained each year?

Gregory Barker: My hon. Friend is absolutely right that installation is key, particularly for such new, innovative technologies, which are not all as tried and tested as we would like. We are working closely with installers. My officials meet regularly with firms and liaise closely with the industry. I would be delighted to accept my hon. Friend's invitation and see it for myself.

Angela Smith (Penistone and Stocksbridge) (Lab): I have a range of energy-intensive industries in my constituency, including steel, glass, paper and the entire clay pipe manufacturing capacity of the UK. How can south Yorkshire develop its manufacturing capacity and encourage economic growth if the international competitiveness of its current engineering capacity is being undermined by the Government's energy market reforms?

Chris Huhne: In answer to a previous question, I made it clear that we are listening to energy-intensive industries carefully, and using all the means that we can to ensure that we can offset any demonstrable effects. We have had those discussions in the context not just of the carbon floor price, but of the European Union's emissions trading scheme. We will continue to watch this situation carefully because I want to see many new jobs in south Yorkshire and everywhere else in the country.

T9. [48572] **Mr Peter Lilley** (Hitchin and Harpenden) (Con): Earlier, the Secretary of State said that in the long term, the costs of unrestrained climate change will exceed the costs of doing something about it. Surely he is aware that the Stern report states that over the whole of this century, the costs of the programme that he is advocating exceed any benefits from reducing climate change, so that—*[Interruption.]* That is in the Stern report on page 167. Surely the Minister is aware of it.

Chris Huhne: Let me answer my right hon. Friend. This is not just a question of assessing the costs to the world in the long run if unrestrained climate change is allowed to proceed; it is also a question of energy security in this country and of the costs of the alternative. Given that the oil markets have gone from $60 a barrel two years ago to $80 a barrel last year, and are now at $115 a barrel, my right hon. Friend should be well aware that relying on fossil fuel markets could be extremely damaging to our economic health.

Ian Lavery (Wansbeck) (Lab): The Committee on Climate Change has recommended that the carbon intensity of electricity should be reduced from today's 500 grams of CO_2 per kWh to the highly challenging figure of 50 grams of CO_2 per kWh by 2030. The Energy and Climate Change Committee suggests that the target should be about 100 grams of CO_2 per kWh. Will the Minister or the Secretary of State explain how difficult it would be to achieve the recommendation of the Committee on Climate Change?

Charles Hendry *rose—*

Chris Huhne *rose—*

Charles Hendry: We are both keen to answer that because it is such a good question and we have such a good answer. We see a whole range of opportunities, and carbon capture and storage will be a fundamental one. It brings a real opportunity for coal to be part of the mix. We can look at the number of bids that we have had in—nine bids have come to Britain for the European scheme, out of 22 across the whole of Europe. Seven of those are for coal and two are for gas, which shows that there is a real opportunity for clean coal in the UK mix, which will be a world-beating achievement.

Greg Mulholland (Leeds North West) (LD): Given the Government's commitment to both a low-carbon future and localism, do Ministers agree that everything should be done to encourage local carbon budgets, which can clearly play an important part in achieving our national targets?

Chris Huhne: I agree that local carbon budgets are important, which is one reason why we have continued with the pilots of databases that allow local authorities to know what their carbon emissions are and to continue to set targets. I do not want to impose those on local authorities, because they are a matter for localism, but it is right that they should have the information on which they can base informed decisions.

Diana Johnson (Kingston upon Hull North) (Lab): The vital ring-fenced support for the marine renewables deployment fund ends next week. With the green investment bank some way off, no news on the low-carbon innovation fund until the summer and nothing in the Budget, will the Minister clarify what backing the industry can expect, or does he prefer the jobs to go abroad?

Gregory Barker: Absolutely not. We have gripped this agenda, as the enthusiasm of the new marine programme energy board made clear when we met in Exeter. I can tell the hon. Lady that we will announce the allocation from the Department of Energy and Climate Change's budget for supporting low-carbon technologies very shortly, and the results of the review of the renewables obligation that the Minister of State, my hon. Friend the Member for Wealden (Charles Hendry), brought forward will also be announced in due course.

Andrew George (St Ives) (LD): On the idea that there is no public subsidy for new nuclear, the Government will of course effectively have to underwrite new nuclear in respect of events that we all hope will never happen. How is the carbon floor price not effectively a back-door subsidy for new nuclear?

Chris Huhne: My hon. Friend should be aware that we are not providing underwriting funds or soft loans. In the United States, for example, the Obama Administration are proceeding with $35 billion of soft loans for the nuclear industry, but we have explicitly said that new nuclear will be built here without public subsidy. We have also said that, as Lord Stern pointed out, climate change is the greatest market failure of all time. We have to offset that market failure with a clear signal to the markets, whether through the emissions trading scheme or the carbon floor price, that low carbon is here to stay and we must accelerate it.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Yesterday, in response to the Budget, Karl-Ulrich Köhler, chief executive officer of Tata Steel Europe, said that

"the introduction of the Carbon Floor Price…represents a potentially severe blow to the sustainability of UK steelmaking."

Does the Secretary of State believe that the CFP announced yesterday is the type of state intervention that is good for British steel making on Teesside?

Chris Huhne: I have said in answer to previous questions that we will engage in ongoing discussions with energy-intensive users. We want them to use low-carbon electricity, and a number of them are doing that, including by moving to biomass. There are alternatives, and there is flexibility in, for example, the EU emissions trading scheme, which allows us to help.

Caroline Lucas (Brighton, Pavilion) (Green): What assessment has the Secretary of State made of the damage done to business confidence by his extraordinary U-turn on support for mid-sized solar installations, and of the 14,000 new jobs that were in the UK solar industry precisely because of that? How many of those jobs will be lost as a result of that extraordinary decision?

Chris Huhne: The hon. Lady has to be aware that sadly, in the world in which Ministers operate, we have to assess the alternatives. Had we not acted, the alternative would have been a much greater boom and bust and a much greater destruction of confidence. I am absolutely unhesitating in assuring her that solar industry confidence is substantially higher than it would have been if we had taken the action that she suggests.

Several hon. Members *rose—*

Mr Speaker: Order. We must now move on.

European Summit

11.34 am

Mr William Cash (Stone) (Con): *(Urgent Question)*: To ask the Chancellor of the Exchequer whether the decision described as the draft decision in the motion to approve the treaty change on the European financial stability mechanism without a referendum, which was passed by the House yesterday, is now under review.

The Financial Secretary to the Treasury (Mr Mark Hoban): I am grateful for this opportunity to make a statement to the House about Portugal and the European stability mechanism. I understand that hon. Members are concerned about the events that unfolded in Portugal, which has faced difficult challenges for some time.

Yesterday, the Portuguese Prime Minister resigned after Parliament rejected his austerity Budget. However, let us be clear: Portugal has made no request for assistance, and I hope that hon. Members will understand that it would be inappropriate for me to engage in any speculation about what may happen. It is not for me to say whether Portugal should ask for help, just as I would not tell it how to run any part of its economy. However, I assure the House that we will keep hon. Members informed of any developments.

Hon Members may wish to reflect on the fact that, as my right hon. Friend the Chancellor said yesterday, our deficit is larger than Portugal's, but market rates in the UK are similar to those of Germany. That reinforces the fact that it is right to pursue the course that we set last year to tackle the deficit.

My hon. Friend the Member for Stone (Mr Cash) has also raised questions about the European stability mechanism. A strong and stable euro area is important for British business. Over 40% of our exports go to the euro area, but we are not a member of the monetary union, and it is not our responsibility to deal with the euro area's problems. That is why we have welcomed the progress that has been made on the European stability mechanism. In the design of the ESM, we had to ensure that there was no transfer of powers from the UK to the EU. We would never have accepted that.

The treaty change applies only to euro area member states. There is no transfer of power or competence from the UK to Brussels. The ESM puts no obligation, legal or political, on the UK to contribute. That is why we have supported the agreement, which makes the euro area's responsibilities absolutely clear. In 2013, the European stability mechanism will come into effect. Also in 2013, the European financial stability mechanism will come to an end, and the UK will not be part of it.

Several countries, including Germany, have strong views about how the ESM should be designed, but that cannot change the fundamental aspects of the mechanism, because the ESM will be developed under article 136 of the treaty and it can apply only to member states whose currency is the euro. The UK cannot join the ESM without joining the euro. As my hon. Friends know, that will not happen in the lifetime of this Parliament.

Furthermore, we have ensured that the recitals—the preamble—to the draft decision by the Heads of State and Government at the December Council meeting stated that article 122, which was used to create the temporary funding mechanism,

"will no longer be needed"

and "should not be used" to ensure financial stability for the euro area as a whole once the permanent mechanism is in place.

Should there be any suggestion of amending the draft decision at the European Council, the Prime Minister could not legally agree to it without first coming back to the House for additional approval after a further debate. The House and the other place would have to ratify any change to the treaty.

Mr Cash: I asked the question, first, because the existing European financial stability mechanism, to which we are potentially exposed in respect of Portugal, was described in the report of the European Scrutiny Committee, which I have the honour to chair, as "legally unsound"; and, secondly, because it involves the United Kingdom underwriting approximately €8 billion to eurozone countries until 2013.

The motion for a treaty change to create the new mechanism, which was passed yesterday, provides for amending article 136 of the European treaty without a referendum, but the amendment prescribes strict conditionality. What are those conditions? The motion that was passed yesterday now appears to be vitiated. Will the Government renegotiate the decision so that the European stability mechanism, if proceeded with at all, is agreed by the British Government with unanimity only if the legally unsound existing European financial stability mechanism, to which we are wrongly exposed, is repealed? The United Kingdom would thus not be required to contribute to the bail-out of other eurozone countries such as Portugal, which would amount to approximately €4 billion. That course of action is open to the Prime Minister in his negotiations at the summit today, and it would relieve the hard-pressed British taxpayer.

If my proposal were accepted, I feel sure that the Government would have an improved chance of obtaining the European Scrutiny Committee's clearance for any new decision and the passage of any subsequent Bill required under the House's procedures. Will my proposal be accepted?

Mr Hoban: My hon. Friend and I have debated this subject before, and my right hon. Friend the Minister for Europe opened a lengthy debate on it on 16 March. The Government are clear that the European stability mechanism is an important tool, but it is for the euro area to fund it. The ESM will lead to the extinction, as it were, of the EFSM. I do not feel it appropriate to engage in further speculation on events elsewhere.

Chris Leslie (Nottingham East) (Lab/Co-op): Clearly, it would be troubling if the situation in Portugal reignited a round of eurozone bond market anxieties. The Opposition agree that it would be inappropriate either for us or the Government to engage in a running commentary on the likely impact of events in Portuguese politics or Portugal's debt-financing capabilities. That is for the eurozone countries to resolve, and I would not expect the UK taxpayer to be drawn into the situation.

However, I have a number of specific questions for the Minister. For general information and the interest of the House, will he say a little more about the UK's relationship with the Portuguese economy, including

[Chris Leslie]

our trade relationships and UK banks' interests in Portuguese bonds and so forth? Will the Minister update us on the Finance Ministers meeting that took place—I think—on Monday as a prelude to today's EU summit? Originally, there were reports of an expectation that today's summit would find its way towards resolving the permanent bail-out mechanism, yet we now hear that because of various disagreements, that will be kicked into the long grass again, until June. Does the Minister agree that it would be quite bad not to resolve that ongoing problem until the summer?

What are the Prime Minister and Chancellor doing to expedite negotiations and agreement on the permanent mechanism? Is it acceptable that the Prime Minister did not actually attend the meeting of 17 countries at the last summit at the beginning of the month, when we clearly have an interest in resolving those questions? Is it correct that the eurozone countries have invited the UK and other non-eurozone countries to have a say in debates on the new permanent mechanism? Quite honestly, we have an indirect interest in what happens, so it is surely in our interests to ensure that the eurozone countries resolve those questions quickly. It is not acceptable for the UK to absent itself at the critical moment, when it should be putting pressure on them to resolve those questions. Ultimately, we need stronger leadership from the Government to ensure that those matters are resolved in Europe and the eurozone. The longer they remain unresolved, the more likely it is that our interests will be affected.

Mr Hoban: The hon. Gentleman makes an important point. It is vital that there is stability in the eurozone and that agreement is reached on the ESM. My understanding is that the issues raised by the German Government and German Chancellor are not about the fundamental design of the mechanism, but about its detailed terms. We will discuss that at this weekend's European Council, on which the Prime Minister will report to the House on Monday, as is customary.

The hon. Gentleman asked about the UK economy's exposure to Portugal. Our exposure is relatively small—smaller than that of a number of other European countries. Our bilateral trade in 2010 was about £4 billion, so we do not have a significant exposure, although Portugal is of course an important trading partner.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Can we just have a reality check? There will be no stability in the euro area until at least some of the countries currently in it leave. There seems to be little doubt about that.

May I remind my hon. Friend that we have just had an austerity Budget—another one? In my constituency, people are talking about having to make NHS savings of £84 million over the current planning period. Can he imagine how absolutely furious British voters will be if it turns out that the British taxpayer must continue to contribute to the bail-out of euro countries even though we are not a member? Why does he not take the opportunity—before agreeing to the new stability mechanism—to get our European partners to agree that we shall be released from any obligation to the temporary stability mechanism for which we are currently liable?

Mr Hoban: My hon. Friend forgets that we have already agreed with our European partners that the European stability mechanism will replace the temporary structures that were put in place, and of course we should not forget that we are part of the EFSM as a consequence of decisions made by the previous Government, not this Government.

Mr Speaker: I call Denis MacShane.

Mr Denis MacShane (Rotherham) (Lab): Obrigado, Mr Speaker.

The plain fact is that Portugal is our oldest ally. It is in trouble and we should help. When Margaret Thatcher brought the rebate back, she was questioned by a Eurosceptic on the Labour Benches who asked, "Why are you allowing more money to go from the British taxpayer to all these new countries?" She replied: "We should help Portugal". We should do the same tonight. I hope that our Prime Minister will remember our longest, oldest friendship with any European country, and ignore the Eurosceptic waffle from those sitting behind the Front Bench.

Mr Hoban: I do not believe it is appropriate at this stage to engage in speculation about the Portuguese economy. There has been no request for a bail-out, and further comment would be unhelpful.

Mr Peter Bone (Wellingborough) (Con): On the Portuguese potential bail-out, will the Minister agree to make a statement to the House before we are committed to any bail-out? What provision has been made in the Budget for such a bail-out?

Mr Hoban: My hon. Friend wishes me to respond to a hypothetical question, but I do not intend to do so today.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): For clarity—and in the hope of getting at least one sensible answer out of this debate—will the Minister confirm that because we do not have a veto over the bail-out mechanism, if Portugal applied for a bail-out, we could be exposed to liabilities of up to €4 billion? We have no veto, which means that we would be forced to do it, irrespective of which Government negotiated the position. I would like a yes or no.

Mr Hoban: The hon. Lady, who is very knowledgeable and well-versed in these matters, knows exactly the terms on which the EFSM was established. However, I do not believe that it is helpful to speculate on hypothetical situations.

Sajid Javid (Bromsgrove) (Con): Portugal finds itself in this sorry state today because yesterday its Parliament failed to pass a budget that would have allowed foreign investors to continue investing in its sovereign bonds. Does my hon. Friend realise that had we not had a change of Government in our country 10 months ago, we could just as easily have found ourselves in a very similar situation?

Mr Hoban: My hon. Friend is absolutely right. Owing to decisions that this Government have taken to get our public finances back on the right track, it is not sterling that has been speculated against in the currency markets.

Sir Stuart Bell (Middlesbrough) (Lab): Listening to what my right hon. Friend the Member for Rotherham (Mr MacShane) said about Portugal being our oldest ally, I was reminded of the only word that survived the Peninsular war. It was "vamos"—the Portuguese and Spanish ran away. It seems from the speeches of the hon. Members for Stone (Mr Cash) and for Harwich and North Essex (Mr Jenkin) that they wish to run away from the European Union. They have been running away from it since its beginning. In response to a question from me, the Prime Minister said recently that he believed in "a healthy eurozone". Is it not better for the eurozone to have its competitive pact and its financial stability system? Furthermore, building on the point made by my hon. Friend the Member for Nottingham East (Chris Leslie), is the Minister not worried that 17 member states in the eurozone will create a two-speed Europe?

Mr Hoban: It is absolutely right that Europe should be competitive and able to compete with companies in north America, Asia and south America in what are becoming increasingly challenging global markets. Europe needs to address its competitiveness, which is why we engaged in the economic taskforce led by Herman van Rompuy. We need to see changes in Europe, and my right hon. Friend the Prime Minister will be pressing for that at the summit.

Chris Heaton-Harris (Daventry) (Con): The Minister will know that although Portugal has not so far requested any help, it is in a similar situation to Ireland, in that Ireland did not request any help at the very beginning, but was forced to take it later. Yesterday, we voted—essentially—on a treaty change. Will the Minister confirm that, if the change is made in the coming weeks—the Prime Minister having come back to the House—the UK Government will still have a veto to play, or will the veto be played this weekend, meaning that we cannot change anything in the future?

Mr Hoban: I do not know whether my hon. Friend was present for the debate in the House on 16 March when we discussed the ESM, but let me remind him of what my right hon. Friend the Minister for Europe said:

> "Should there be any suggestion of amending the draft decision at the European Council—there is no such suggestion from any quarter at present—the Prime Minister could not legally agree to it at the European Council without first coming back to this House and the other place for additional approval after a further debate."—[*Official Report*, 16 March 2011; Vol. 525, c. 424.]

Of course, there can be no change to the treaty unless primary legislation passes through both this place and the other place.

Thomas Docherty (Dunfermline and West Fife) (Lab): Will the Minister confirm that had we joined the euro, we would have been expected beyond 2013 to make a significant contribution? Has he had a chance to ask the Chief Secretary to the Treasury whether he has abandoned his policy of joining the euro at the earliest possible date?

Mr Hoban: I frankly think that that was a pathetic question.

Martin Horwood (Cheltenham) (LD): Do Ministers agree that, having just put in place the most comprehensive system of democratic checks on further transfers of power to the European level of government, it is now high time that this Government got on with the priority of providing a positive leadership role for Britain in all European decision-making forums, and that the anti-European guerrilla warfare from the Back Benches really does not help?

Mr Hoban: My hon. Friend is right to point out that much work needs to be done in Europe. I believe that this Government have played an important role, particularly in pushing the competitiveness and growth agenda, and that is the right role for this country to play.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): The Minister and colleagues on the Government Benches are again keen to draw an analogy between this country and, this time, Portugal—previously it was Ireland and Greece. Can he confirm that the UK is in an entirely different position from those countries, given that it controls its own interest rates and its own currency?

Mr Hoban: The only reason that this country is in a different place from Greece, Ireland and Portugal is the action that this Government have taken to sort out the mess left by Labour.

Matthew Hancock (West Suffolk) (Con): Will the Minister confirm that the contingent liability under the scheme was set up after Labour had lost the election by the then Labour Chancellor? Does what is happening in Portugal, where interest rates have today risen above 8%, not provide the most eloquent lesson on what would happen here if we did not get a grip?

Mr Hoban: My hon. Friend is absolutely right. The decision taken by the previous Chancellor meant that we became part of the ESFM, and that is why the liability exists today. My hon. Friend is absolutely spot on: we have taken difficult decisions in this country. This Government have decided to tackle the deficit that Labour left behind, and we have a clear plan to do it. The Opposition have no ideas. Under a Labour Government, this country would be running out of steam.

Nadhim Zahawi (Stratford-on-Avon) (Con): The events last night in Portugal bring into sharp focus why it is important to maintain the confidence of the markets. Is the Minister glad that this Prime Minister did not attend the meeting of the 17 eurozone countries, because the last Prime Minister attended and gave away our rebate?

Mr Hoban: Certainly, the previous Government very rarely showed any backbone in dealing with our European partners on the rebate or other matters. This Government stand up for Britain's interests when it comes to the debate in Europe. We have done that on the rebate, on the budget and on this mechanism.

Bob Blackman (Harrow East) (Con): When Ireland was in trouble, we helped out. Ministers brought forward a proposal to give a loan to Ireland to help sort out their finances. I appreciate that at the moment there is no proposal to do the same for Portugal, but will the Minister give an assurance that we as a House will be given the opportunity to debate any such proposal that comes forward?

Mr Hoban: As I said before, I do not think that it is helpful to engage in unnecessary speculation. However, I would point out to my hon. Friend that this Government have sought to ensure that we keep the House informed on all matters of importance.

Business of the House

11.54 am

Hilary Benn (Leeds Central) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for next week will be:

MONDAY 28 MARCH—Continuation of the Budget debate.

TUESDAY 29 MARCH—Conclusion of the Budget debate.

WEDNESDAY 30 MARCH—Remaining stages of the Police Reform and Social Responsibility Bill (Day 1).

THURSDAY 31 MARCH—Conclusion of remaining stages of the Police Reform and Social Responsibility Bill (Day 2).

FRIDAY 1 APRIL—Private Members' Bills.

The provisional business for the week commencing 4 April will include:

MONDAY 4 APRIL—Opposition Day (14th allotted day). There will be a debate on an Opposition motion, subject to be announced.

TUESDAY 5 APRIL—General debate on Britain's contribution to humanitarian relief in Libya, followed by a general debate on matters to be raised before the forthcoming Adjournment. The latter debate has been nominated by the Backbench Business Committee.

I should also like to inform the House that the business in Westminster Hall for 31 March 2011 will be:

THURSDAY 31 MARCH 2011—A debate on high-speed rail.

Hilary Benn: I am grateful to the Leader of the House for that reply. The House will welcome today's statement on Libya and will look forward to being further updated.

The Welfare Reform Bill will involve a large number of regulations being presented to the House. Will the Leader of the House assure Members that they will appear in good time to allow for full parliamentary scrutiny?

The Government gave a clear undertaking that they would talk to the Opposition about their draft legislation to increase—in a terrorist emergency—the number of days for which someone can be held from 14 to 28. To date, the shadow Home Secretary has not been consulted, despite a number of requests to the Home Secretary. Will the Leader of the House encourage his colleague to respond?

On section 44 stop-and-search powers, the Home Secretary has got herself into a difficulty and has had to introduce, by way of a remedial order, the new provisions on stop and search that were due to be included in the Protection of Freedoms Bill. She has done that by means of a written statement, thereby denying the House the chance to debate and scrutinise the change before it was made. May we have an explanation of why that happened?

Given that just about everything that we heard in yesterday's Budget statement had already been leaked to the media in advance, could the Leader of the House look at a different system for next year? Perhaps the Chancellor could get up, simply say, "I refer the House to the briefing I gave the newspapers a few days ago,"

add anything new and sit down. Then we could move straight on to the Leader of the Opposition and the debate. It might help some Members to stay awake.

Will the Business Secretary make a statement on the failure of the Government's much trumpeted one in, one out policy on new regulations? For the Department for Business, Innovation and Skills—the Department meant to be leading on the policy—it has been a case of 46 regulations in since May, and no regulations out. In fact, the majority of Departments have introduced more regulations than they have removed.

It seems that the policy is being observed only by the Liberal Democrats, although in their case they are applying it not to regulations, but to their principles. One principle out—opposition to trebling tuition fees; one new principle in—helping to undermine the NHS. We also read with interest that the Liberal Democrats are planning to issue a pocket-sized card listing every one of their many achievements in government. Will the Leader of the House find time for a statement on that? After all, it would not take very long.

May we have a statement from the Health Secretary explaining why the latest polling results from Ipsos MORI on public satisfaction with the NHS have still not been published, six months after they were submitted to the Department of Health? It is reported that they show that more members of the public than ever believe that the NHS is doing a good job—not exactly the message that Ministers have been seeking to convey. This is a very curious case of Ministers trying to bury good news.

Also on the health service, we read with great interest this week that the Deputy Prime Minister has told his MPs that he will be "taking the lead" in reining in his own Government's plans for the national health service. He is said to be determined to make changes to the Health and Social Care Bill, which is currently in Committee, and a senior party source said that he had decided to "front up" the issue with the Health Secretary.

This is quite extraordinary, and presents a bit of a parliamentary challenge for the Leader of the House. Now, the right hon. Gentleman is a reformer, so I wonder whether he would be prepared to break new ground by organising a joint statement at the Dispatch Box from the Deputy Prime Minister and the Health Secretary, so that they can slug it out under the full glare of parliamentary accountability. Or perhaps we could make use of the Procedure Committee's welcome recommendation—published in the last hour—that we allow the use of iPhones and iPads in the Chamber in place of paper, and the two members of the Cabinet can have an online argument instead. It could probably work, as long as Vodafone kept us all connected.

Finally, on Westminster council's infamous ban on feeding the homeless, I am sure that the Leader of the House was as pleased as I was to read last week that a Home Office spokesman had said:

"The Home Secretary has no plans to ban soup runs."

I am delighted that the coalition—if I may describe it as such—between the right hon. Gentleman and me has forced the Government finally to make their position clear. Will he simply confirm for us today that when Westminster's draft byelaw is put to the Department for approval, it will be treated with the contempt that it deserves and sent packing?

Sir George Young: That was a marvellous smokescreen for the rather disappointing performance by the Leader of the Opposition yesterday. The shadow Leader of the House might want to recalibrate his performance in order to avoid this unhappy contrast.

On the Welfare Reform Bill, of course we will seek to publish the appropriate regulations well in advance so that the House has an opportunity to reflect on them. I will pass on the right hon. Gentleman's request for more consultation between the shadow Home Secretary and my right hon. Friend the Home Secretary. On the Protection of Freedoms Bill and the written ministerial statement, the Bill is now before the House and I hope that there will be adequate opportunity for the House to cross-examine Ministers.

As for leaks, the right hon. Gentleman will know that there has always been a good deal of speculation before Budgets—and I have to say that he does not have much of a leg to stand on in this regard. He was a special adviser in 1997, and most of the Labour Government's first Budget was systematically leaked to the *Financial Times* before the Chancellor had even got to his feet. Some years later, a BBC reporter interviewing the Treasury spin doctor Charlie Whelan asked him directly whether he had been responsible for the leak. Whelan replied:

"I might well have been. I can't remember, to be honest. Probably was me. It could be Ed Balls, it could be me."

So I hope that we will hear no more from Labour about Budget leaks.

If there is one person who is known to be able to stay awake during Budgets, it is my right hon. and learned Friend the Lord Chancellor, who delivered six excellent Budgets when he was Chancellor of the Exchequer. On the issue of regulations and the Department for Business, Innovation and Skills, my right hon. Friend the Business Secretary will be taking part in a debate later today about regulations, and will therefore have an ample opportunity to deal with the one in, one out policy.

Labour has had more than one policy on tuition fees over the past few years, and it would do well to reflect on that before starting to make that its currency. As for joint appearances at the Dispatch Box, I wonder how the then Prime Minister Tony Blair and the then Chancellor Gordon Brown would have got on if they had both appeared at the Dispatch Box, as members of the same party, to hammer out an agreed policy.

On health and social care, I do not think that the right hon. Gentleman should believe absolutely everything he reads in the press.

On Westminster city council, the right hon. Gentleman might know that the consultation ends on 25 March. The portfolio holder on the council has made it clear that he wants a non-legislative solution. He plans to have discussions with those running the soup runs, and two soup run providers have already agreed to provide their services in a more settled environment. I welcome that. The right hon. Gentleman might also look at some of the comments from those helping rough sleepers about the desirability of focusing the soup runs within an established building, rather than their acting as a magnet that attracts rough sleepers from all over the capital. I very much hope that he and I are at one on rough sleepers, and that we can support Westminster city council and the enlightened approach that it is now taking.

Several hon. Members *rose—*

Mr Speaker: Order. Many colleagues are seeking to catch my eye, but I remind the House that there is a statement by the Foreign Secretary to follow, and a heavily subscribed continuation to the Budget debate. If I am to accommodate this level of interest, brevity will be of the essence.

Laura Sandys (South Thanet) (Con): Will the Leader of the House find time for a debate on the Department of Health's drugs procurement process in relation to companies such as Pfizer, to ensure that corporate social responsibility comes into the process?

Sir George Young: I applaud my hon. Friend's campaign on behalf of those in her constituency who are threatened by the decision taken by Pfizer. I will certainly draw the attention of my right hon. Friend the Secretary of State for Health to her request for more corporate social responsibility. It might also be appropriate for her to intervene during the Budget debate, as that is a direct matter for businesses in this country.

Natascha Engel (North East Derbyshire) (Lab): I thank the Leader of the House for his business statement, as well as for his written ministerial statement yesterday on extra time for private Members' Bills, Opposition days and time allocated to Back Benchers. Will he tell the House exactly how many extra days will be allocated to Back Benchers? Will he also tell us how many of those debates will be in the Chamber? He has just announced that the pre-recess Adjournment debate—a Back-Bench debate—has been reduced from the normal six hours to three, to give the House the chance to have an important debate on Libya and humanitarian aid. I acknowledge how important it will be to have that debate, just before we break up for the recess, but will he explain why he cannot simply add an extra day on to the parliamentary calendar in order to give the pre-recess Adjournment debate and that important debate on Libya and humanitarian aid a whole day each? It is in the Government's gift to do that. I am sure that this would never have crossed the mind of the Leader of the House, but perhaps that will not happen because the extra day would be a Wednesday, and the Prime Minister would therefore be forced to come to the Dispatch Box to answer questions.

Sir George Young: Let me rebut instantly the hon. Lady's final suggestion. My right hon. Friend the Prime Minister looks forward to every Wednesday with relish. On her question about the extra days, we have tabled a motion to extend the number of days for private Members' Bills. We do not need to lay a comparable motion to deal with the days for the Backbench Business Committee. Since the Committee was established last July we have allocated roughly one day a week to it, and I propose to continue to do that. We do not need to table a motion in order to do so, however.

On the question of extending the sitting days to include next Wednesday, the House values the certainty of having a calendar published well in advance, and there are precedents for the pre-recess Adjournment debate taking half a day rather than a whole day. We have tried to reconcile the need for certainty with the need for the House to be updated on the difficult position on Libya and to contribute to that debate, as well as respecting the demands of the pre-recess Adjournment debate. I hope that we have struck a fair balance between those three demands. I can tell the hon. Lady that I propose to table a business motion so that the protected time of three hours for the pre-recess Adjournment debate will not suffer any injury as a result of any statements or other events on that day. I hope that when I table that motion, she will smile at it.

Mr John Redwood (Wokingham) (Con): May we have a debate in Government time on the future of the euro and the economic governance arrangements in the European Union? Those of us who fought long and hard, and successfully, to keep Britain out of the euro would like ministerial reassurance that we are not going to be dragged into any of the financial or governmental consequences of its current problems, and that we will get something back for Britain when those countries need our consent to change.

Sir George Young: I understand my right hon. Friend's concerns, but I cannot promise an imminent debate on that subject. Following the important meeting of the European Council that begins today, however, there might well be a statement early next week, which would give him an opportunity to share his concerns with my right hon. Friend the Prime Minister.

Ms Karen Buck (Westminster North) (Lab): Today, 30,000 14 to 15-year-olds from 815 schools in every part of the country are working with the BBC to make the news, and 30,000 other young people have taken part in news-related projects during the year. Will the Leader of the House find time for a debate on how we can support the BBC in that work and recognise the incredible importance of the work in developing civic awareness and an understanding of the news among young people?

Sir George Young: I applaud the BBC's initiative; I saw one of the programmes before I came into the Chamber. I cannot promise a debate, but there is an unallocated Opposition day on Monday week. The right hon. Member for Leeds Central (Hilary Benn) will have heard the hon. Lady's bid; perhaps part of that day could involve a debate on that important subject.

Harriett Baldwin (West Worcestershire) (Con): The House holds the principle of one person, one vote to be absolutely sacrosanct. Will the Government find time between now and the referendum on 5 May to hold a debate in the Chamber on the referendum question?

Sir George Young: My hon. Friend asks a very good question. We have not had a recent debate on the alternative vote, although we debated the matter when the legislation was going through. There is some confusion on AV. One person, when asked what the AV referendum was all about, thought that it was about whether Aston Villa would come top of the league this year. I hope that between now and 5 May there will be a good public debate on this matter. Again, the Opposition have not yet chosen their subject for Monday week. However, we know that there is some difference of opinion on AV within the Labour party, and for that reason it might not choose the subject for discussion on that day.

Nick Smith (Blaenau Gwent) (Lab): Will the Government make time for a debate on the proposed changes to the DNA database, following evidence to the Protection of Freedoms Public Bill Committee by the chief constable of the West Midlands, who said that 1,000 criminals would go free as a result of this Government's changes?

Sir George Young: The Protection of Freedoms Bill is before Parliament at the moment; it is in a Public Bill Committee. Within that Bill are the clauses on DNA to which the hon. Gentleman has referred. I know that my hon. Friend the Minister who is taking the Bill through the House would like to respond to the hon. Gentleman's assertion, with which the Government disagree.

Nick de Bois (Enfield North) (Con): Any large corporations that enjoy public contracts also enjoy favourable payment terms. However, many of the small and medium-sized enterprises that support the same contracts do not benefit from equally favourable terms. Will my right hon. Friend require a statement from the Cabinet Office to ensure that current and future contracts are reviewed to help our SME businesses?

Sir George Young: I am sure that the Government want to be an enlightened party to contracts and wish to discharge their obligations and pay their bills on time. I will certainly convey my hon. Friend's suggestion to my right hon. Friend the Minister for the Cabinet Office and make it clear that in his opinion—I think it is a widely shared view—the Government should not make SMEs wait for payment due to them from the public sector.

Mr John Spellar (Warley) (Lab): Parliamentary questions are an essential mechanism by which the House is able to hold Ministers to account. There are, however, some gaps in the system. One of those is a member of the Cabinet, Baroness Warsi, who last year claimed that the Conservatives failed to win an overall majority at the general election because of electoral fraud, predominantly within the Asian community. Will the Leader of the House find time next week for a statement at which the Baroness could either justify that statement or profoundly apologise for it?

Sir George Young: As the right hon. Gentleman knows, I cannot find time for such a debate, because the right hon. Lady would not be able to appear in this Chamber. However, I am sure she will have heard what the right hon. Gentleman has said and will want to respond to it in the appropriate way.

Tessa Munt (Wells) (LD): When I was elected, I tried to do the right thing and save money by using second-class post. I discovered that of the five small envelopes used, three are, illogically, more expensive if second-class post is used rather than first-class post. One of the differences amounts to £2.24 for a 250 batch. According to my back-of-the-envelope maths, including the printing costs for two types of envelopes based on 2009 usage, a saving of £15,500 a year could be made. The print runs are huge; the set-up costs are minimal. The House of Commons uses 2,000,703 first-class envelopes, costing £1,000,646. If 5% were urgent and 95% were sent second class, the postage savings would amount to more than £250,000 of taxpayers' money. Will the Business Secretary please promote and encourage the use of second-class envelopes by—

Mr Speaker: We have got the gist, but I am afraid that the question is too long. We have got the thrust of it, and we are grateful.

Sir George Young: I am sure that the envelope on which my hon. Friend did the maths was a second-class one! I will draw her comments to the attention of the House authorities, and I applaud the steps she is taking to save money by using second-class envelopes where appropriate. It seems anomalous if the position is as she described it, so, as I say, I will pass her comments on to the House authorities.

Bridget Phillipson (Houghton and Sunderland South) (Lab): Constituents regularly tell me of the difficulties they face in accessing local bus services—ranging from high fares and a lack of services after 6 o'clock to there being no direct routes to the hospital or to GP surgeries. In response, I have launched a campaign to improve local bus services. May we have a debate on what steps the Government are taking to improve accountability and value for money when it comes to local people having their say over bus services?

Sir George Young: I applaud the hon. Lady's campaign to make bus services more accessible to her constituents, particularly when they need to go to hospital. I announced a few moments ago that we will have the normal pre-Easter recess Adjournment debate, and it strikes me that this would be an appropriate subject for her to raise on that occasion.

Robert Halfon (Harlow) (Con): Following the Budget announcement yesterday about university technical colleges, will my right hon. Friend find time for a debate on UTCs—not just because they will transform vocational education for our youngsters but because Lord Baker visited Harlow college, which is leading a bid, with local businesses, to have a UTC there?

Sir George Young: I am grateful to my hon. Friend for his kind words about my right hon. Friend Lord Baker, who listened with interest to yesterday's statement that there would be not 12 but 24 high-quality, technically oriented UTCs. We are aware—and if we were not, we are now—of Harlow college's interest in submitting an application. I can tell my hon. Friend that the intention is to select the first round of new technical academies to go forward by the early summer, following a competitive selection process.

Mr Dave Watts (St Helens North) (Lab): May we have a statement on how the Government intend to ensure that the announced increases in tax on the fuel companies will not be passed on directly to hard-pressed motorists? Are we to take it from the statement that any further increases will be referred for scrutiny before they are allowed?

Sir George Young: Of course I understand the hon. Gentleman's concern—but I do not know whether he has had time to look at the regulatory impact assessment

[Sir George Young]

carried out in 2006, when his party was in government, on increased taxation on North sea producers. It said:

"Oil companies are price-takers, facing a globally-determined market price for their output, and so will absorb all costs. They will be unable to pass any costs on to consumers, and the impact will be distributed proportionately across producers with no adverse effects on competition".

I hope that gives the hon. Gentleman the reassurance he was seeking.

Kwasi Kwarteng (Spelthorne) (Con): Will the House have the opportunity to debate the Independent Parliamentary Standards Authority review of MPs' expenses, which will be published tomorrow?

Sir George Young: My hon. Friend reminds the House that at one minute past midnight IPSA is due to publish the outcome of its review of the scheme. I understand that it hopes to inform hon. Members of its contents before then. As my hon. Friend will know, there is now a group that liaises between the House and IPSA and has regular meetings to discuss the scheme. I suggest that my hon. Friend, and indeed others, use that channel to communicate their views on the revised scheme, as they already do now.

Steve McCabe (Birmingham, Selly Oak) (Lab): May we have a debate or a statement from the Transport Secretary on London Midland's proposals to break the franchise commitment to staff all stations from the first to the last train. I believe that that has serious implications for the safety of passengers using those stations, and I am worried about the ease with which it is prepared to break its commitment. We need a statement or a debate.

Sir George Young: I understand the hon. Gentleman's concern, and I will draw the matter to the attention of my right hon. Friend the Transport Secretary. If it is a term of the contract that these services should be provided, they cannot be unilaterally abrogated.

Julian Sturdy (York Outer) (Con): May we have a debate on the provision of critical care beds, which are of such importance to our NHS generally, and particularly, in my part of the world, to my local hospital in York? I know that it will welcome the recently announced extra 3,700 beds.

Sir George Young: The Health and Social Care Bill will shortly return to the Floor of the House after its Committee stage. My hon. Friend is right: the Department of Health announced last month that 3,747 critical care beds were available in January this year—the highest number ever recorded. I am sure that the whole House will rejoice in those figures.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): There is some disquiet about the UK Government's proposed Calman-like process for Wales, which has implications for the way in which the Welsh Government are funded. Will the right hon. Gentleman ask the Secretary of State for Wales to make an oral statement on the Floor of the House so that we can debate this issue?

Sir George Young: I will pass on the hon. Gentleman's concerns to my right hon. Friend and ensure that she communicates with him before the Easter recess.

John Hemming (Birmingham, Yardley) (LD): What happened on Monday was a good example of why business sometimes needs to change at short notice—but there has obviously been confusion about what is happening to the pre-recess Adjournment debate. What progress have the Government made in discussions about having a House business Committee, which might introduce greater transparency in the process of managing business?

Sir George Young: The coalition Government made a commitment that the previous Government did not make—that we would introduce a House business Committee. We remain committed to doing that within three years of the commencement of this Parliament. We propose to review how the Backbench Business Committee has worked after its first year, and then have discussions about the introduction of a House business Committee.

Kate Green (Stretford and Urmston) (Lab): Will the Leader of the House ensure that we have a statement next week on the Government's child poverty strategy? Under the Child Poverty Act 2010 the Government are required to publish such a strategy by tomorrow, yet in a written answer from the Minister with responsibility for disabled people earlier this week, I was informed that she has not yet even seen fit to appoint the commission that is intended to advise on such a strategy.

Sir George Young: The hon. Lady has made a valid point, which has been addressed in a written ministerial statement. I know that my right hon. Friend the Secretary of State for Work and Pensions will want to regularise the position as soon as he can, and I will ensure that he informs the House in the near future of how he proposes to do that.

Greg Hands (Chelsea and Fulham) (Con): May we have a debate on our country's gold reserves? As my right hon. Friend will recall, the gold price crashed a decade ago when Britain sold its reserves, an event that became known as the "Brown bottom". Does he think that this month's record high will become known as the "Balls-up"?

Sir George Young: We are in the middle of a four-day debate on the Budget, during which I am sure it will be appropriate for my hon. Friend to amplify his remarks at greater length.

Thomas Docherty (Dunfermline and West Fife) (Lab): The House will be shocked to learn that children as young as seven are being issued with firearms licences. Can the Leader of the House tell us when the Home Office plans to respond to the report that the Home Affairs Committee published before Christmas?

Sir George Young: I am sure that other Members will have heard a feature on the "Today" programme which highlighted the freedom of information responses to which the hon. Gentleman is referring. In fact we have some of the toughest gun controls in the world, and we are having another look at them. The age limits in the

firearms law reflect the different levels of risk posed by different guns in different circumstances. If young people do have access to firearms and shotguns, it must be safe and controlled. We are considering the recommendations of the Home Affairs Committee, and we expect to respond in May or June.

Martin Horwood (Cheltenham) (LD): The very long parliamentary Session offered the tantalising prospect of successful private Members' legislation, which I hoped would include my Tied Public Houses (Code of Practice) Bill, but my aim has been frustrated by the fact that all the newly available sitting Fridays are dominated by dozens of Bills promoted by one or two Members. Would you, Mr Speaker, or the Leader of the House care to comment on the situation, and on whether it is frustrating the whole point of private Members' legislation?

Sir George Young: I understand my hon. Friend's frustration. However, the Bills that were successful in the ballot will take priority over those that may follow. I tried to extend the number of days available for private Members' Bills by tabling a motion yesterday. We cannot make progress with that motion because an amendment to it has been tabled by my hon. Friend the Member for Wellingborough (Mr Bone), but the Government intend to make more time available for private Members' Bills, to reflect the length of the session.

Anas Sarwar (Glasgow Central) (Lab): There is huge concern in Scotland over reports that the Scottish National party is to repeat its use of slogans on Scottish election ballot papers. Following the 2007 election fiasco during which nearly 150,000 papers were spoilt, the Gould review found that the use of slogans such as "Alex Salmond for First Minister" were "confusing and potentially misleading" for the electorate, and it was thought that it would be outlawed. May we have an urgent statement from the Secretary of State for Scotland to clarify the issue and avoid a repeat of what happened in 2007?

Sir George Young: I will draw the hon. Gentleman's comments to the attention of my right hon. Friend the Secretary of State of Scotland, unless the matter falls within the responsibility of the Scottish Electoral Commission. In either event, whoever is responsible will write to him.

Andrew Bridgen (North West Leicestershire) (Con): Minerals can be extracted only from where they lie, and many mineral reserves lie in my constituency. My right hon. Friend will be well aware that minerals policy has been specifically excluded from the Localism Bill. Will he find time for a debate on minerals policy, and in particular on the distribution of the aggregates levy? I think it important for communities that suffer the blight of mineral extraction to have a fair share of the levy as a form of compensation.

Sir George Young: Many Members whose constituents contain aggregate sources such as gravel pits will share my hon. Friend's concern, and the Backbench Business Committee may wish to find time for a debate. As my hon. Friend says, the aggregates levy sustainability fund reduces the environmental impact of the extraction of aggregates, but as a result of the October spending review settlement, the Government will have to discontinue the programme of work after the end of the current financial year. I will draw my hon. Friend's concern to the attention of my colleagues who have responsibility for the matter.

Grahame M. Morris (Easington) (Lab): Will the Leader of the House make time for a debate or statement on an announcement made yesterday indicating that 900 million records of medicines prescribed by family doctors are to be published on line? That has many implications, not least the usefulness of such information to private drug companies and the impact on civil liberties.

Sir George Young: I understand the hon. Gentleman's concern, and will draw the matter to the attention of my right hon. Friend the Secretary of State for Health. It may be another suitable subject for the pre-Easter recess Adjournment debate on Tuesday week.

Priti Patel (Witham) (Con): Last month the Planning Inspectorate decided to impose a travelling showpeople's site on the village of Tolleshunt Knights in my constituency. The decision was based on the regional spatial strategy and planning circulars issued by the last Government. Can my right hon. Friend tell us why those circulars are still in place, and when they will be scrapped?

Sir George Young: As I think my hon. Friend knows, we have announced our intention to withdraw the circulars and replace them with a new light-touch planning policy. We want to move quickly, but there is a proper process to be followed. Our proposed new policy will be published for public consultation shortly.

Bill Esterson (Sefton Central) (Lab): Given the Prime Minister's apparent confusion yesterday over the future of the disability living allowance, may I raise the case of my constituent Scott Sheard, who has been refused the mobility component of DLA? He needs the allowance so that he can live at home, but he also needs to make a gradual transition. Will the Leader of the House ask his right hon. Friend the Secretary of State for Work and Pensions to reconsider Scott's case, and those of many other people with disabilities who need the mobility component in order to live independently?

Sir George Young: The regime that affects the hon. Gentleman's constituent is the regime that we inherited. We propose to make changes to the DLA, but they require primary legislation, which will have to be approved by the House. We want to move from the current regime, which has not been examined for 20 years and results in conflict and overlap, to a new regime based on personal independence payments. We want to enhance the mobility and independence of people who are entitled to payments at the moment. This is not about saving money, but about introducing a better regime for those with real needs.

Mr Edward Timpson (Crewe and Nantwich) (Con): May we have a debate on the Government's commitment to delivering 250,000 more apprenticeships by 2015? That would allow us to discuss the crucial role played by apprenticeships in developing skills in our engineering sector, especially in the rail and motor industries that are so important to our economy, both in Crewe and Nantwich and elsewhere in the country.

Sir George Young: I believe that yesterday's announcement in the Budget of more resources for apprenticeships and work experience was warmly received. In a few moments my right hon. Friend the Business Secretary will be in his place. Today's debate will provide a good opportunity for the House to discuss the value of apprenticeships to the community, and in particular, their reinforcement of our manufacturing and engineering capability, which has such a high profile in my hon. Friend's constituency.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): My hon. Friend the Member for Easington (Grahame M. Morris) drew attention to the possible publication of 900 million medical prescription records online. Given that banks, lenders, insurers, private health care employers, neighbours, foreign agencies and Governments would be able to gain access to those records, may we have a debate on the Floor of the House on how the proposal relates to the Data Protection Act, employment law and other legislation?

Sir George Young: I repeat the undertaking that I gave a few moments ago—and on Tuesday the Health Secretary will be answering questions in the House, when the hon. Gentleman may have an opportunity to raise the matter in either a direct or a topical question.

Andrew Stephenson (Pendle) (Con): Will the Leader of the House find time for a debate on the good news announced yesterday about the Government's council tax freeze initiative? Both Pendle borough council and Lancashire county council have agreed not to increase the tax, but the initiative was not covered in recent debates on the local government finance settlement.

Sir George Young: My hon. Friend has drawn a contrast between the doubling of council tax under the Labour Government and the freeze introduced by the current Government. He may also know that we have abandoned plans for a council tax revaluation that would have meant soaring bills for millions of homes.

Steve Rotheram (Liverpool, Walton) (Lab): The Leader of the House turned down my previous request, but will he now find time for a debate on pay structures in banks, following the revelation that last year RBS paid 323 staff more than £1 million each, Barclays paid 231 staff more than £1 million each, and HSBC paid 280 staff more than £1 million each? Does he agree that that requires an urgent debate, given that yesterday's Budget failed to tackle such excess?

Sir George Young: If that requires an urgent debate, which I concede may well be the case, that urgent debate can take place over the next three days. My right hon. Friend the Chancellor has announced an increase in the bank levy. However, it would be perfectly in order for the hon. Gentleman to catch your eye, Mr Speaker, today or on Monday or Tuesday, and to receive a response from one of my Treasury colleagues.

Karl McCartney (Lincoln) (Con): Will my right hon. Friend find time for a debate on the role of the Electoral Commission? It is no longer offering guidance and advice to election officers, most of whom have a wealth of experience of running elections very well for many years, and has taken to bullying and imposing expensive and excessively bureaucratic top-down diktats ahead of the local elections and referendum that will take place in six weeks' time.

Sir George Young: I will draw my hon. Friend's comments to the attention of the chair of the Electoral Commission. There is the opportunity to cross-examine my hon. Friend the Member for South West Devon (Mr Streeter), who speaks for the Electoral Commission, on the Floor of the House, and my hon. Friend the Member for Lincoln (Karl McCartney) could also raise the matter with him informally outside the Chamber.

Ian Lavery (Wansbeck) (Lab): Many MPs are very unhappy about the lack of clarity and content in departmental written answers. The responses to many questions are fudged, and many are answered as "unknown". Will the Leader of the House make time for a debate on this?

Sir George Young: The hon. Gentleman is entitled to receive enlightened and informed answers to written questions. It might help if he could be slightly more specific about which answers have caused concern, and if he does so I will raise the matter with the appropriate colleague.

Pauline Latham (Mid Derbyshire) (Con): Will my right hon. Friend the Leader of the House outline how business leaders in my constituency and Derbyshire in general can put their ideas to the Chancellor in respect of his announcement yesterday on establishing more enterprise zones?

Sir George Young: As my hon. Friend will know, the Cabinet recently met in Derby in her county. We met wealth creators in Derby, and they pressed the case for more investment in the town and the county. Members will have an opportunity in today's debate on the Budget and subsequent debates to make the case for an enterprise zone in their constituency, and I note that my hon. Friend has made an early bid.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): The last Government put in place the victims of overseas terrorism compensation scheme. May we have a debate in Government time to ascertain when British victims of overseas terrorism will begin to receive compensation?

Sir George Young: The hon. Gentleman raises a serious issue that has already been raised on a number of occasions. As he knows, the Ministry of Justice is carrying out a review. I hope it will be completed shortly, because I understand the concern that is felt on both sides of House about the delay.

Bob Blackman (Harrow East) (Con): Seven schools in Harrow are currently consulting on becoming academies. They are doing so in the teeth of a campaign of misinformation by Labour-run Harrow council and outright hostility from the teaching unions. May we have an urgent statement from the Secretary of State for Education on what he is going to do to stop councils

giving misinformation to schools that are trying to break free of the dead hand of the local education authority?

Sir George Young: I welcome that initiative in my hon. Friend's constituency, which shows that parents want to use the freedoms given to them under this Government's legislation. I will draw his concern to the attention of my right hon. Friend the Secretary of State for Education, so we can see whether further steps need to be taken to make sure that those who want to establish free schools or academies are not intimidated as a result of misinformation.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Further to the request made by my hon. Friend the Member for Westminster North (Ms Buck), I draw the Leader of the House's attention to early-day motion 1640, tabled yesterday, which seeks to save BBC Radio Merseyside.

[That this House believes BBC Radio Merseyside is a loved and valuable institution within Merseyside, providing local news and entertainment to over 300,000 listeners; notes that BBC local radio offers exceptional value for money at a cost of 3.2 pence per listener hour, in comparison with other stations such as BBC Parliament (14.1 pence) and Radio 3 (6.3 pence); further notes that BBC Radio Merseyside is the most listened to BBC local radio station outside London; further notes that for a third of its listeners, 100,000 people, it is the only BBC radio station that they choose to listen to; is highly concerned at proposals that would end daytime programming; and calls on the BBC to protect its proud history of broadcasting on Merseyside with a commitment to fund BBC Radio Merseyside.

There are no fewer than 40 BBC local radio stations throughout the UK, all of which are cherished by their communities and provide excellent value for money at 3.2p per listener hour, but the news that local programming may be scaled back to "drive time" and breakfast time is extremely worrying. Please may we have an urgent debate on the future of BBC local radio programming?

Sir George Young: I understand the hon. Lady's concern. It strikes me that this would be an appropriate subject for a Backbench Business Committee debate or an intervention during the pre-Easter recess Adjournment debate, but she has just made her case very effectively.

Mr Peter Bone (Wellingborough) (Con): If passed, motion 7 on the Order Paper would have the effect of cancelling all currently scheduled private Members' sitting days and replacing them with four new days. Instead of getting the additional 13 days we should have because this is a two-year parliamentary Session, we would finish up with only four days. I think that is more cock-up than conspiracy, but may we have a debate on the matter next week?

Sir George Young: I am not sure that my hon. Friend has interpreted the motion correctly. The Government want to provide four more days to debate private Members' Bills. My hon. Friend has blocked that by tabling an amendment which means that, as of today, that extra time will not be given. I very much hope we can resolve the matter. We have a bit of time, because we have announced the dates up to the end of the summer. I hope that between now and then we can find a satisfactory solution, and that my hon. Friend will not stand in the way of what the Government are trying to do, which is to give more time for private Members' Bills.

Nadhim Zahawi (Stratford-on-Avon) (Con): People have welcomed the council tax freeze nationally, but may we have a debate on what people in my constituency and elsewhere can do if their council puts through large council tax rises in future?

Sir George Young: Help is on the way, because the Localism Bill contains a provision for local people to have a referendum if their local authority proposes high council tax increases.

Mr Speaker: I call Mr Pincher.

Hon. Members: Hear, hear.

Christopher Pincher (Tamworth) (Con): Thank you, Mr Speaker; I know my place.

Many of my constituents have raised concerns about clinical services in local hospitals, notably Good Hope hospital. May we have a debate on NHS staffing levels, so that we may learn about the progress being made in increasing the number of doctors and nurses and reducing the number of bureaucrats so beloved of the last Government?

Sir George Young: Since we took office, the number of managers has fallen by some 3,000, I think, and the number of doctors has increased by some 2,000, so help is on the way.

North Africa and the Middle East

12.36 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): With permission, Mr Speaker, I should like to make a statement updating the House on the actions we are taking to protect civilians in Libya and other issues of concern in the middle east.

First, I must confirm the sad news that a British national was killed in a bus-bombing in Jerusalem yesterday, which injured over 30 Israelis, eight of them seriously. Her family was informed last night. Our embassy in Tel Aviv and consulate-general in Jerusalem are doing everything possible to assist her family and those who were travelling with her. I know the House will join me in sending our deepest condolences to her family at this tragic time, as well as in expressing our solidarity with the people of Israel in the face of such a shocking and despicable act of terrorism. I condemn this attack in the strongest terms and call for those responsible to be held to account.

I am also gravely concerned about renewed rocket attacks on Israel from Gaza and the deaths of Palestinian civilians in Gaza. I urge all parties to restore calm and to work to achieve the two states that are the only lasting hope for peace.

On Libya, we continue to take robust action to implement UN Security Council resolution 1973, which authorised military action to put in place a no-fly zone to prevent air attacks on Libyan people and take all necessary measures to stop attacks on civilians while ruling out an occupation force. The case for this action remains utterly compelling. Appalling violence against Libyan citizens continues to take place, exposing the regime's claims to have ordered a ceasefire to be an utter sham.

Misrata has been under siege for days by regime ground forces, although coalition air strikes are helping to relieve the pressure on its citizens, many of whom have been trapped in their homes without electricity or communications, with dwindling supplies of food and water, and facing sniper fire if they venture into the streets, while the local hospital is swamped with casualties. Ajdabiya continues to be under attack, with reports of civilian deaths from tank shells. This underlines the appalling danger its inhabitants would be in without coalition action, as do continued threats by Gaddafi forces to "massacre" residents in areas under bombardment.

There is universal condemnation of what the Libyan regime is doing from the United Nations, the Arab League, the African Union and from Europe. The regime's actions strengthen our resolve to continue our current operations and our support for the work of the International Criminal Court. Our action is saving lives and protecting hundreds of thousands of civilians in Benghazi and Misrata from the fate that otherwise awaited them. That is what UN Security Council resolution 1973 was for, and that is why we are implementing it.

We are taking the utmost care to minimise the risk of civilian casualties. The only forces acting indiscriminately or deliberately inflicting casualties are the forces of the Gaddafi regime. UK forces have undertaken a total of 59 aerial missions over Libya, in addition to missile strikes. Last night, our forces again participated in a co-ordinated strike against Libyan air defence systems. A no-fly zone has now been established and the regime's integrated air defence system has been comprehensively degraded. There are no Libyan military aircraft flying.

Over 150 coalition planes have been involved in military operations, including Typhoon and Tornado aircraft from the Royal Air Force. Thirteen nations have currently deployed aircraft to the region. A number of additional nations have made offers of aircraft and other military support, which are in the process of being agreed. Royal Navy vessels are in the region supporting the arms embargo. Those coalition operations are currently under United States command, but we want them to transition to NATO command and control as quickly as possible. NATO has already launched its operation to enforce the arms embargo, its planning is complete for the no-fly zone and we are making progress on NATO taking on all measures under resolution 1973 needed to protect civilians from Gaddafi's attacks. We need agreement to unified command and control for it to be robust, and we expect to get that agreement soon.

Resolution 1973 lays out very clear conditions that must be met, including an immediate ceasefire, a halt to all attacks on civilians and full humanitarian access to those in need. We will continue our efforts until these conditions are fulfilled, and the Libyan regime will be judged by its actions not its words. Our message to the Gaddafi regime is that the international community will not stand by and watch it kill civilians—that is a view that this House overwhelmingly endorsed last week. To his forces we say that if they continue to take part in Gaddafi's war against his own people, they will continue to face the military force of the coalition, and if they commit crimes against Libyan people, they will be held to account.

I announced yesterday that Britain will host an international conference next Tuesday to take forward the implementation of UN Security Council resolution 1973. We are inviting NATO allies, key international organisations, including the UN, the Arab League and the African Union, and many Arab nations. We continue to engage in intensive diplomatic activity to increase the multilateral pressure on the Libyan regime. Further UN and European Union sanctions have been agreed targeting Gaddafi and his associates, and those Libyan organisations responsible for funding his regime. As of today, the EU has designated the National Oil Corporation of Libya, thus cutting the regime off from future oil revenues.

We are gravely concerned about the well-being of up to 80,000 internally displaced people. The Secretary of State for International Development is in close communication with his counterparts in international organisations about immediate and longer-term support to the Libyan people. The United Kingdom is beginning preliminary consultations with international partners and organisations on an internationally led stabilisation effort to get Libya back on its feet in the longer term.

It is not for us to choose the Government of Libya. That is for the Libyan people themselves, but they have a far greater chance of making that choice now than seemed likely on Saturday, when the opposition forces were on the verge of defeat and the lives of so many were in danger. We continue to deepen our contacts with the Libyan opposition, including the interim national council based in Benghazi. I spoke to Mahmoud Jabril, the special envoy of the council, on Tuesday to discuss the situation on the ground and to invite him to visit

London. In the words of the Arab League resolution, the current regime has completely lost its legitimacy. We call on all those, including the interim national council, who believe that Colonel Gaddafi has led the people of Libya into an impasse to begin to organise a transition process.

In Syria, there are reports of many deaths and the use of live rounds after security forces cleared a mosque in Deraa. We call on the Government of Syria to respect their people's right to peaceful protest and to take action about their legitimate grievances. We also call for the utmost restraint on all sides, including by the Syrian security forces, during the further protests that have been called for tomorrow in Syria. In Bahrain, we support a process of dialogue leading to political reform that can address the legitimate aspirations of all the people of Bahrain, and I urge all parties to join, without preconditions, the proposed national dialogue.

In Yemen, a state of emergency has been declared by the Government and a day of marches is planned in Sana'a tomorrow. There has been looting and disorder in that city and in other cities, and more than 50 protesters died in Sana'a last Friday. We call even now on the opposition, the Government and the various factions of the Government to engage in dialogue. There are still some British nationals who have chosen to remain in Yemen. Since October, we have been unable to provide consular assistance in Yemen because of the significant terrorist threat. There are many parts of Yemen that the ambassador and his staff are unable to reach. In the light of the rapidly deteriorating security situation and the protests tomorrow, I have temporarily withdrawn part of the British embassy team in Sana'a, leaving a small core of staff in place. Commercial flights to and from Yemen are still operating, although that could clearly change. Should there be further violence in Yemen, normal means of leaving, particularly through the commercial airport in Sana'a, could be blocked, and the ability to travel around Yemen will be severely restricted. On 12 March, we advised all British nationals to leave Yemen as soon as they could. As the situation has deteriorated further since, I want to make it absolutely clear today that all British nationals remaining in Yemen should leave without delay.

The United Kingdom believes that the people of all these countries must be able to determine their own futures. That is why in all of them we argue for reform not repression, and why in Libya, supported by the full authority of the United Nations, we have acted to save many lives threatened by one of the most repressive regimes of them all. This will continue to be our approach as change continues to gather pace in the middle east.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I thank the right hon. Gentleman for his statement and for allowing me advance sight of it this morning. May I join him in condemning the act of murder witnessed on the streets of Jerusalem yesterday, where a British national lost her life? This atrocity should be unequivocally condemned across the world, and our condolences are with the people of Israel and the families of those affected, including those in this country.

The right hon. Gentleman talked about the situation in Yemen, which the House will know is deeply concerning. Amid the worrying developments, Britain must be consistent in urging the embrace of more democratic government by countries in the region. The Government are therefore right to urge progress on national dialogue with opposition parties and democratic reforms. Now that our embassy team has been withdrawn, for reasons that I fully appreciate, will he tell the House how and through what mechanisms Britain will continue to urge restraint and reform on the Yemini authorities? He explicitly urged UK nationals to leave Yemen, but can he also assure the House that all appropriate contingency plans are in place for any remaining UK nationals?

The BBC reports that at least 10 people have been killed and dozens wounded after Syrian police opened fire on people protesting in Deraa. Given the Foreign Secretary's very recent visit to Damascus, will he update the House on his views as to whether any further protests are likely to be met with reform or with further repression? Will he also take this opportunity to update the House on any recent discussions the British Government have had with the King of Bahrain about the recent unrest in that country? Will he also inform the House what steps the Government have taken to get a clear picture from the authorities in Saudi Arabia of their intentions towards Bahrain? He will of course understand the risk not only that the legitimate demands of the people of Bahrain are suppressed, but that the country becomes a fulcrum of violence in the region.

I shall now address the pressing situation in Libya. May I associate myself and all Labour Members with the Foreign Secretary's words of support and admiration for the role our armed forces are playing in this action? Last Monday, the Prime Minister and the Foreign Secretary made the case in this House for enforcing UN resolution 1973. My right hon. Friend the Leader of the Opposition made it clear that we support the Government in this action to protect the Libyan people, but it is the Opposition's responsibility in offering this support also to scrutinise the Government's actions in implementing the mission.

Many hon. Members on both sides of the House made it clear in Monday's debate how important it was for this mission to have and to retain broad international and regional support, and therefore welcomed the endorsement of the Arab League. I have been calling for more than a fortnight for a joint meeting of representatives of the Arab League and the European Union, so I welcome today's news that London will host a meeting next to help to bring together nations involved in this effort. The Prime Minister indicated at the Dispatch Box on Monday that coalition meetings would be a regular occurrence. How regular will they be? Will they be at foreign ministerial or Heads of Government level?

Will the Foreign Secretary update the House on the details of the Arab military involvement that has materialised so far and on what has been promised for the immediate future? He updated the House by saying that the UK has undertaken a total of 59 aerial missions, but House how many missions including planes from Arab countries have been undertaken? Will he also be clearer about the UK Government's position on the NATO command and control structure for this mission? In particular, will he let us know whether he would wish the operations degrading Gaddafi's assets to be overseen by an ad hoc group of Ministers or to be answerable to the full North Atlantic Council? Does he agree that although the focus at the moment is

[Mr Douglas Alexander]

understandably on the military pressure, it is vital that we maintain and increase pressure on the regime in other ways?

Given the importance placed by resolution 1973 on the prevention of mercenaries arriving in Libya from other countries, will the Foreign Secretary assess the accuracy of reports that mercenaries are still arriving in Libya? What action is being taken against those countries providing mercenaries and will he tell the House what progress has been made on investigating at least the possibility of an escrow account for Libyan oil money that could contribute to a fund to address post-conflict reconstruction in Libya?

Does the Foreign Secretary believe that a lead individual of international standing should be appointed to take charge of co-ordinating post-conflict planning? The whole House and the public will want to know what work is under way on contingency planning. I heard his remarks about an international stabilisation effort and the work of the International Development Secretary. What, in the British Government's view, are the structures equal to this immense task, who will lead the work and how will the House be assured that this vital work is being done?

Let me ask one final question. Will the Foreign Secretary assure Members that in the light of the coming recess the Government will ensure that Members are kept updated and, if necessary, that the House will be recalled if circumstances merit that course of action? We continue to support the Government and our armed forces as they act to protect the Libyan people and we will continue with that support and with detailed scrutiny of the Government's decisions in the days ahead.

Mr Hague: I am very grateful to the right hon. Gentleman and for the continued strong unity across the Floor of the House on so many of these issues—on all of them, at the moment. Of course, he joined me in condemning the bomb attack in Israel.

In answer to the right hon. Gentleman's questions about Yemen, not all the embassy team has been removed. A core of staff remains, including the ambassador, but as I saw for myself when I was in Yemen last month it is not easy for our staff to move around. Last year, there were two separate attempts to kill our ambassador and the embassy staff, and moving around even in the capital is a very difficult process. To move around more broadly in the country is dramatically more difficult and that is why it is so difficult to give consular assistance to British nationals who might be scattered in different parts of Yemen.

I can assure the right hon. Gentleman that there are detailed contingency plans that can go into operation at very short notice for the evacuation of the British nationals who remain, but if we had to trigger them it would have to be a military-only evacuation, possibly in very difficult circumstances. It would therefore be difficult to be assured that we would be able to bring out everybody from remote parts of Yemen. That is the importance of stressing now that British nationals should leave. There are reports that oil companies are withdrawing their staff from Yemen. I want to emphasise that we will give every assistance we can and that we have contingency plans ready to go at any time, but that does not guarantee that we could get everybody out.

The right hon. Gentleman asked whether further protests in Syria are likely to be met with repression. The evidence is that yes, they would be. Of course, we will use all our diplomatic efforts with the Syrian authorities to say that they should not do so, but that is what has happened and there are reports this morning that up to 25 people have been killed in the protests over the last couple of days.

We are in regular touch with the Government in Bahrain. I think I mentioned a few days ago that the Prime Minister spoke to the King of Bahrain and I spoke to the Foreign Minister a week ago. I hope to speak to the Crown Prince of Bahrain again shortly about the status of the national dialogue that he attempted to launch. Clearly, there have been difficulties on both sides of the argument in Bahrain as regards participating in that national dialogue and it is important that they are all ready to enter into it. The forces that have entered Bahrain from Saudi Arabia, the United Arab Emirates and other Gulf states are there legitimately at the invitation of Bahrain. They are not engaged in crowd control or in dealing with the protests, but are safeguarding installations. I discussed this at length with Prince Saud, the Saudi Foreign Minister, who was here with us two days ago. The British Government are encouraging dialogue in Bahrain and we look to Saudi Arabia to encourage that as well, and we look to all the Gulf states to play a constructive role, which I believe they wish to do.

On the right hon. Gentleman's questions about Libya, the work of our armed forces continues to enjoy strong international and regional support. I think we should be clear about that. There were some doubts when the House debated the matter on Monday about the position of the Arab League, but it has subsequently made statements giving robust support for the implementation of UN resolution 1973.

We are still working out some of the questions about command and control. The simplest and most effective solution is for all the operations conducted within NATO to come under the North Atlantic Council and for other countries to plug into that and to work with it. We have made a great deal of progress, as I said in my statement. We should understand that this is a new coalition, put together last week and very quickly, for obvious reasons. There are bound to be issues to sort out in its management, but we are getting through them pretty well. I will discuss the remaining issues with Secretary Clinton and with my French and Turkish counterparts later this afternoon to try to iron out the remaining difficulties with future NATO command and control. I should stress that representatives of the nations involved in this operation can meet in Brussels on a regular basis, so the regularity of the meetings is established.

On Arab involvement, the forces of Qatar are taking part in the missions to enforce the no-fly zone. Other Arab nations have not yet sent a military contribution, although they remain strongly supportive of the mission. We are still in discussions with some of them about sending further military contributions to those operations. The right hon. Gentleman is quite right to draw attention to reports of mercenaries entering Libya. Given the danger they might pose to civilians, they do so at their peril and they should be aware of that.

I mentioned how the designation of the National Oil Corporation of Libya means that future oil revenues are stopped. Oil has not been lifted from Libya over the

past few weeks, so the flow of oil cash to the regime has stopped for the moment in any case. We are still discussing the idea raised by the right hon. Gentleman about an escrow account.

My right hon. Friend the International Development Secretary is working hard on the post-conflict situation. In our view, this must be a unilateral and UN-led effort and we will be able to have discussions about that with other nations at the conference next week. Of course, we will want to keep the House updated. I and my right hon. Friends the Secretaries of State for Defence and for International Development will make further statements as necessary. The Leader of the House has announced a debate just before the House rises for the recess in the week after next. It is probably too early to speculate about the recall of Parliament two weeks before the recess, but we will of course do whatever is necessary to keep the House informed.

Several hon. Members *rose—*

Mr Speaker: Order. Many colleagues are seeking to catch my eye, but the House might like to know that no fewer than 35 hon. and right hon. Members are seeking to contribute to the Budget debate, so economy is of the essence if I am to be able to accommodate the level of interest.

Richard Ottaway (Croydon South) (Con): I welcome the Foreign Secretary's statement and, in particular, his point about sanctions being strengthened and the National Oil Corporation being listed. That should focus minds. He was quizzed quite hard last week about the arms embargo. Has he reviewed the position and is there any way that support in some form or another can be given to the rebels, who are facing a fairly unequal battle?

Mr Hague: We are continuing to review the position and I do not have a new announcement to make to the House or to my hon. Friend about that. There are a variety of legal opinions about the relevant paragraph of the UN resolution. Whatever we do, on this and all the issues involved, must be in strict accordance with the UN resolution and we must maintain the legal, moral and international authority that comes from that. We will not do anything that we think would transgress that resolution. We are looking at it in that light and I will update the House when we have come to any conclusions about it.

Mike Gapes (Ilford South) (Lab/Co-op): The Foreign Secretary mentioned the meeting to be held in London and said that the African Union will be involved in it. The African Union is specifically mentioned in Security Council resolution 1973 as having a mission that is engaged in the area. Will he update us as to whether there is potential for the African Union to play a positive role in getting a peaceful resolution to the conflict in the near future?

Mr Hague: Yes, there is a role, but a peaceful resolution would require the Gaddafi regime to observe resolution 1973. If that happened, all concerned could be in discussions with the African Union, but that requires a ceasefire, an end to violence and an end to attacks on civilians. There is certainly a role for the African Union and I hope we will be able to discuss that with it. I do not yet have confirmation of who will attend the conference in London, but it has been invited to attend and this is exactly the sort of thing we want to discuss with it.

Sir Menzies Campbell (North East Fife) (LD): I hope that my right hon. Friend will excuse me if I press him a little further on the issue of command, which has both military and political implications. While it is clear that the present arrangements have not impaired in any way the military effectiveness of the operations, it is equally clear that they are not sustainable in the long term. Will he tell us what undertakings, if any, he has received from Secretary of State Clinton to the effect that any transition will not be hurried and will be both effective and smooth?

Mr Hague: My right hon. and learned Friend is absolutely right to point out that the discussions about this issue have in no way impaired the military operations that have taken place so far. All the nations concerned have that very much in our minds during our discussions and our absolute priority is to implement the resolution and get these organisational questions sorted out while we are getting on with that. I have already mentioned in my response to the shadow Foreign Secretary that I will discuss these issues with Secretary Clinton later today. I think there is a common determination among all the nations involved to sort this out. We are in the business of seeking not that kind of undertaking but a solution regarding the command and control of operations going forward, and I hope that we are close to achieving that.

Mr Ben Bradshaw (Exeter) (Lab): Is it not clear, given the brutal suppression of protests in Bahrain, that most Gulf countries do not recognise the need for the sort of political reform that the Secretary of State has spoken about? In order to maintain support for what we are doing in Libya, which I strongly endorse, do we not need to be wholly consistent in our approach to democracy and human rights in the middle east?

Mr Hague: We do need to be consistent, but we also need to recognise where countries make reform efforts. If I may say so, it is something of a generalisation to say that the Gulf countries do not recognise the need for reform because many of them have embarked on such reform in recent times. Kuwait has introduced considerable reforms, including the election of its Parliament, the Sultan of Oman has made very substantial reforms, including major changes in his Government in the past few weeks, and Prince Saud was describing to me, when he was here on Tuesday, some of the reforms being contemplated in Saudi Arabia. I think there is a recognition, including in the Gulf states, that it is necessary across the Arab world for reform to take place. That reform will be at a different pace and of a different nature according to the culture of each country, but I think they are seized of that fact. My right hon. Friend the Prime Minister gave a powerful speech about this in the Kuwaiti Parliament last month and there has been a strong measure of support for that among the Gulf states. In addition, other countries, such as Morocco, are adopting very serious reforms. That kind of peaceful evolutionary reform is what we have to encourage, rather than the violence we have seen in so many countries.

Mr James Arbuthnot (North East Hampshire) (Con): Will my right hon. Friend say something about the relationship between the action we are taking in Libya and the strategic defence and security review? Might we need to reconsider some of the decisions taken in that review, such as the scrapping of some reconnaissance aircraft and even some ships?

Mr Hague: The Prime Minister has made the position on this clear. It was precisely in order to be able to deal with more than one situation or conflict at a time that we came to the conclusions we did in the review, and that means we are able to continue our operations in Afghanistan while also conducting this operation. That is also why we chose to adopt the adaptable posture in the defence review, as my right hon. Friend the Defence Secretary has often explained, and why we chose to retain such a wide spectrum of military capabilities, so that many of them could be expanded in future if necessary. We must continue to work in the framework of our defence review. We are able to bring the necessary equipment into this operation with the forces we have now, so the issues that my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) raises are really for the longer term.

Keith Vaz (Leicester East) (Lab): Both the Foreign Secretary and the shadow Foreign Secretary have spoken about the critical situation in Yemen and we know that it is going to get worse with the declaration of a state of emergency. We appreciate the efforts being taken by the Foreign Secretary, but is it not necessary to try to bring sides together? May I urge him or the Prime Minister to make that call to the President of Yemen to see whether we can get both sides together? We are hugely respected there and this is our time to act.

Mr Hague: Yes, I will absolutely respond to the right hon. Gentleman's urging. As he well knows, there has been no shortage of effort on the part of this country to do that urging. That is why I went there myself last month and met not only the President but opposition groups and urged them all to be generous to each other in their dealings. I cannot say that our urging has yet been heeded, but we will continue it over the coming days, doing exactly as he says.

Mr John Baron (Basildon and Billericay) (Con): With unrest spreading throughout the region and civilian casualties rising at the hands of autocratic leaders, what circumstances would need to exist, if any, for Britain to instigate or consider instigating a no-fly zone in other countries?

Mr Hague: I must again stress something that the Prime Minister has explained: just because we cannot do everything does not mean that we should not do something where there is a particularly grave situation that particularly offends our belief in human rights, especially the right to live. That has been the situation in Libya. Whatever we do in any other country, we will always be guided by the criteria we established before the passing of the UN resolution, which are that there must be a demonstrable need and a clear legal basis for any British involvement and that there must be strong support from within the region. The establishment of those principles has put us in a very strong position in relation to the crisis in Libya and those principles would guide us elsewhere.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In condemning utterly the barbarous attack on the bus stop in Jerusalem, with the consequent loss of innocent life, and the Israeli attacks in Gaza that have resulted in the deaths of many civilians, including a grandfather who was playing football with his teenage grandchildren, will the right hon. Gentleman make it clear to the Government of Israel that Israel cannot be exempted from the wave of yearning for emancipation that is sweeping the middle east? Will he also make it clear that unless the Israeli Government respond, there will be no peace for Israel and the country's future existence will be placed in jeopardy?

Mr Hague: As the right hon. Gentleman will have heard in my statement, I condemn all those attacks and the deaths on both sides—of Palestinians in Gaza and of those who died in the terrible terrorist attacks on Israel in recent days. In the middle of the important developments and dramatic change in the middle east, I have underlined and will continue to underline that those events add to the urgency of the peace process. It is important that both Israeli and Palestinian leaders understand that and that they are prepared to make the necessary compromises to get direct talks towards a two-state solution going again. I have put that in my own way, but what I have said is strongly in accordance with the sentiments the right hon. Gentleman has expressed.

Dr Julian Lewis (New Forest East) (Con): When the Government decided to withdraw the last of our carriers and the Harrier force with it, they did so at the last minute and for financial reasons. Now that both the Prime Minister and the Chancellor have confirmed what I sought to establish previously—that these operations will receive extra funding from the Treasury reserve—will the Foreign Secretary have urgent discussions with the Secretary of State for Defence on reactivating HMS Ark Royal and some of the Harriers, because, I assure him, people who know about these matters know how versatile and valuable such a capacity would be?

Mr Hague: No. I have urgent discussions every hour or so with my right hon. Friend the Secretary of State for Defence, but it is important to implement the strategic defence and security review and to bear in mind that fundamental to our national security is the restoration of our national finances. Yes, we have had to do some things that in an ideal world we would not have done, and the defence budget has had to be controlled, but we have been able to do, and continue to do, what is necessary in Libya without the equipment to which my hon. Friend refers. Our operations are conducted by Typhoon aircraft and, for ground attacks, by Tornado aircraft. These are flying from land bases in the Mediterranean and are able to conduct the operations very easily without, in this case, the need for an aircraft carrier.

Mr David Winnick (Walsall North) (Lab): Like everyone else, I deplore Gaddafi's continued military offensive, which undoubtedly is costing the lives of many civilians. Will the Foreign Secretary tell us whether any diplomatic

efforts are being made by countries such as Russia, China, and particularly Turkey, to see what can be done to persuade Gaddafi to stop the fighting?

Mr Hague: I think that the whole world is pretty much united on urging Gaddafi not only to stop the fighting, but to leave the scene. That is the view even of countries that did not support the UN Security Council resolution. This is a worldwide view. However, Colonel Gaddafi is clearly not easily persuaded to engage in a dialogue to reach out to the opposition. We hope he will see that the situation is such that it is necessary for him to go, and that is the only way forward for the Libyan people. The countries to which the hon. Gentleman refers are certainly of that opinion as well and certainly do not want the Gaddafi regime to continue.

Mr Edward Leigh (Gainsborough) (Con): On that very point about the Gaddafi regime continuing, some of us were briefed this week by the BBC journalist who had been detained in horrendous circumstances in Tripoli. He is clearly no apologist for the regime, but he said that it was remarkable how quiet Tripoli was, with demonstrations confined to one suburb and engaging only 200 or 300 people. Clearly the people there are cowed and massive subsidies are being poured at them. As some of us have asked constantly, what will happen if Gaddafi simply beds down in Tripoli? What is the game plan? What are we trying to achieve? Will the Foreign Secretary confirm that we are only on a humanitarian operation to protect the people of Benghazi and no more?

Mr Hague: Almost, as it is not just the people of Benghazi we need to protect. Although UN resolution 1973 specifically mentions Benghazi, it also calls for the taking of all necessary measures to protect the civilian population and populated areas in other parts of Libya. That is our mission. Our military mission is defined as clearly as any military mission has ever been by a UN resolution, and we will stick to that resolution. Clearly it is highly desirable for Gaddafi to go, as we have said for many weeks, but in military terms what we have set out to do is enforce the resolution. That means protecting Libya's civilian population, attempting to bring about a ceasefire and not putting any occupation force on to any part of Libyan soil. We will stick strictly to the resolution.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Since Turkey has said it would supply ships and submarines to enforce the arms embargo, that leaves Germany as the only major NATO member state that is not contributing to the actions in Libya. Will Germany be invited to the conference next Tuesday?

Mr Hague: Yes, Germany will be invited. It is a crucial partner of this country in the European Union and in NATO. The different countries in NATO have of course taken varying decisions about their level of participation, and indeed on whether to participate, but Germany has not been unhelpful or obstructive and has not attempted to block the work we need to do in NATO. It set out its position at the UN Security Council and did not vote for the resolution, which we must respect, but it has not been unhelpful in so many other ways. I hope that it will attend the conference in London.

Martin Horwood (Cheltenham) (LD): I welcome the Foreign Secretary's statement, particularly the positive news of contact with the interim national council in Libya. I know that a review and revocation of arms export licences to Libya has already taken place, but will all arms export licences to the Governments of Yemen, Syria and Bahrain now urgently be cancelled if they have not been already?

Mr Hague: My hon. Friend will be aware that more than 100 licences have been revoked in the case of Libya, that many have been revoked in the case of Bahrain and that successive Governments have been extremely careful about the licences granted in the case of other countries, such as Syria. We constantly review these licences in the light of changing developments in the middle east. I do not have a new announcement to make about that today. If we think it necessary to revoke other licences for the countries he mentioned, we will certainly do so, and I will keep the House updated on that.

Mr Geoffrey Robinson (Coventry North West) (Lab): May I thank the Foreign Secretary for the promptness and fullness of his briefing to the House? We look forward to the conference next Tuesday, for which we expect a similar briefing. Will he take that opportunity to make it quite clear that, in so far as we know what the end game will be for this complex situation, the commitment of British ground troops will not be part of it?

Mr Hague: As I said in answer to my hon. Friend the Member for Gainsborough (Mr Leigh), we will stick very strictly to the terms of the UN resolution. As the hon. Gentleman is aware, that rules out any occupation force in any part of Libya. He can be absolutely assured that there will be no invasion of Libya. To give a fuller answer, there have already been occasions on which we have sent special forces into Libya, for instance to rescue the oil workers in the desert three weekends ago. We can neither exclude such necessary, small-scale things, nor anticipate what might come up, but we are not preparing for a ground invasion of Libya and will not be doing so.

Tony Baldry (Banbury) (Con): My right hon. Friend was right to underscore the Government's support for the work of the International Criminal Court, but will he expand a little on his understanding of what the ICC is doing to ensure that those close to and around Gaddafi appreciate and understand that if they are responsible for directing attacks that inflict civilian casualties, they too stand liable to be indicted for war crimes and crimes against humanity?

Mr Hague: My hon. Friend makes an important point, and every time we make that point we are doing what he is calling for, which is stressing to the people involved that they may well have to answer in future to the ICC. The prosecutor of the Court has begun the necessary investigations, so material can now be gathered and sent to it. The best way to communicate that is through the media, which is why my right hon. and hon. Friends and I, and our colleagues in other countries, have stressed very strongly in the international media, including al-Jazeera and other channels, that this is

[Mr Hague]

what is now set in train and that people must remember when they contemplate any crime or atrocity in Libya that the reach of international justice can be very long.

Natascha Engel (North East Derbyshire) (Lab): What, to the Foreign Secretary, does operational success in Libya actually look like? Further to that, what then will be his exit strategy?

Mr Hague: It means the implementation of the UN resolution. I cannot stress this strongly enough—that we operate within international law and under the mandate of UN resolution 1973. So success requires a real ceasefire, not the fake ceasefires announced by the Gaddafi regime in recent days, and a real ceasefire means disengaging from areas of conflict, ceasing attacks on civilians, an end to violence and harassing and menacing civilians, and the full establishment, which we have now achieved, of a no-fly zone over Libya. Those are the requirements of the resolution, and that is the mission that we are embarked on. It is too early to say what will happen when that point has been achieved, because we are still working hard to achieve the protection of civilians and the bringing about of a ceasefire, but that is as far as our military mission in Libya goes.

Robert Halfon (Harlow) (Con): The country will welcome my right hon. Friend's remarks about the tragic loss of the innocent British citizen to Palestinian terrorists in Jerusalem yesterday, but on his remarks about Syria, and given that the Syrian Government attacked a funeral in recent days, what steps can the British Government take to make sure that we do not see a repeat of the tragic massacre in 1982 of thousands and thousands—up to 40,000—Syrians by the Assad regime?

Mr Hague: The steps that we can take at the moment are diplomatic steps to make it clear to the Syrian Government that the forcible suppression of protest and the killing of protesters is wrong, morally and legally, and also very unwise, because experience throughout the middle east is showing that violence on the part of the authorities does not bring about a solution to such issues or to disorder in various parts of the region. We will of course continue to stress that to the Syrian authorities and redouble our efforts to do so.

Graham Stringer (Blackley and Broughton) (Lab): I have received strong representations from the Shi'a community in Cheetham Hill and Crumpsall in my constituency. It is extremely concerned about a possible deterioration of the situation in Bahrain and worried about the protection of the Shi'a community there. Can the Foreign Secretary give any assurances, beyond supporting increased dialogue, about how the British Government could protect the Shi'a community in Bahrain?

Mr Hague: The sectarian aspect of the problems in Bahrain is deeply worrying, particularly if the stand-off continues and tensions are raised on both sides of that sectarian divide—there are clearly concerns on the Shi'a and Sunni sides of it. It is in the interests of the Shi'a community in Bahrain for a dialogue to be successful, because when we think about it we find that there is no other way forward for Bahrain, other than a constitutional settlement between the two sides of that sectarian divide. It is a country with a Shi'a majority, but it has a Sunni minority of about 40% of the population, so they have to find an agreed way forward if the country is to function.

That is why we stress the need for dialogue, but we do not just stress the need for it here: we urge it on the leaders of the Government in Bahrain, through our regular contacts with them, and our ambassador has also urged it through all our contacts—and we have good contacts—with the opposition groups and human rights organisations in Bahrain. We are one of the countries with the strongest such contacts, so we are taking practical action on both sides to encourage dialogue.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We have quite a few Members standing, so could we have shorter questions and shorter answers? Then we will hopefully get everybody in.

Jo Swinson (East Dunbartonshire) (LD): The scale of the foreign policy challenge in the middle east and in north Africa is immense, with the UN action in Libya and the situation in any one of Bahrain, Syria and Yemen having the potential to become a major crisis. Despite that, will the Foreign Secretary assure the House that he will not take his eye off the ball elsewhere, particularly in providing vital support to the democracy building in Tunisia and in Egypt which is crucial to the future stability of the whole region?

Mr Hague: Yes. My hon. Friend is quite right, because overarching all that we have discussed in today's statement is what I referred to in the House on Monday: the need for a bold, ambitious and historic programme on the part of the United Kingdom and the European Union to provide a magnet for positive change to the countries of north Africa and the middle east. Although today we are discussing the detail of what is happening in individual countries, that is all under the umbrella of a European policy towards the region that has to be drastically revised to come up with solutions and offers that match the unprecedented—in this century—challenge that we all now face.

Mr Andy Slaughter (Hammersmith) (Lab): With so much international attention focused on Libya for obvious reasons, other regimes in the region appear to think that they can use military force against civilians with impunity. The Foreign Secretary has commented on the matter already, but what specific steps will he take with Syria, which is killing its civilians in Deraa, and with Israel, which is almost daily killing civilians in the Gaza strip?

Mr Hague: In answer to earlier questions, I have made clear the position on Israelis and on Palestinians, and the need for them all to make the necessary compromises. We have also discussed Syria and the strong messages that we have sent to the Syrian regime, but the hon. Gentleman does not provide an exhaustive list. At this time, Iran has imprisoned opposition leaders and become one of the most oppressive regimes in the

world. It also has one of the worst human rights records in the world. We will of course vigorously continue to raise those issues as well.

Mr Andrew Tyrie (Chichester) (Con): The Foreign Secretary said that it was desirable for Gaddafi to go. Given what we know about Gaddafi, is it plausible to imply that we can fulfil our humanitarian objectives while he stays?

Mr Hague: I cannot see—so many Government throughout the world have said this so many times over the past few weeks—any peaceful or viable future for the people of Libya if Gaddafi is still there. It is more than desirable; I put that in its politest form. It is essential that he gets out; it is essential that he goes. I hope my hon. Friend will not mistake in any way the strength of our message and the international community's message on that. Let me also stress, however, as I did in answer to the hon. Member for North East Derbyshire (Natascha Engel), that our military mission is to implement the United Nations resolution, and that we will stick strictly to its implementation.

Mr Dave Watts (St Helens North) (Lab): Given the responses to earlier questions, how would the Government deal with a situation where it became clear that Gaddafi was going to stay in power for the foreseeable future? Would we leave our forces and sanctions in place indefinitely?

Mr Hague: I am not sure that in this situation it is helpful to get into all the hypothetical scenarios of what may come. Clearly, we are planning for scenarios, particularly on the humanitarian and stabilisation side, as I said, but we have to concentrate on the implementation of the resolution and on taking such work forward. A whole variety of scenarios could be foreseen, but to get into providing a commentary and speculating on each of them would be helpful neither to our forces involved at the moment nor in achieving our immediate objectives.

Alec Shelbrooke (Elmet and Rothwell) (Con): May I congratulate the Foreign Secretary on the work that he not just did, but continues to do, with the UN in making sure that the action is wholly legal? It restores faith in this place after the years that have gone by. Has he considered, or has an assessment been made of, the potential situation in Lebanon, and is the diplomatic service in high-level talks with Israel to ensure that that border situation does not exacerbate the situation crossing the region?

Mr Hague: My hon. Friend draws attention to another point of tension in the middle east, one that I discussed intensively with President Assad when I visited Syria at the end of January. Of course, we want to see stability in Lebanon. In particular, we want to see the special tribunal for Lebanon continue to conduct its work, so that it is clear that crimes cannot be committed with impunity there; and of course, we want to see stability on that border. It underlines the importance and urgency of taking forward the middle east peace process, as several other hon. Members have said, because that is one way to bring about a greater assurance of stability between Israel and Lebanon.

Mark Durkan (Foyle) (SDLP): I join the Foreign Secretary in condemning the terrorist murder in Jerusalem, and equally the deadly attacks on civilians on Gaza.

The Foreign Secretary has said that the conference on Tuesday will be very much aimed at looking at the whole of the UN resolution. The second item of that refers not only to the high delegation from the African Union but to the UN special envoy. It is also the part that refers to a peaceful and sustainable solution. Will he ensure that that is given due consideration on Tuesday, because there needs to be greater understanding about its meaning and its prospects, and we need to ensure that any pursuit of it is not undermined by any military measures undertaken through other mandates in the resolution?

Mr Hague: Yes—basically. It is important to have regard to all elements of the resolution and to ensure that all the international organisations to which the hon. Gentleman refers are involved. I would stress that the creation of a ceasefire and bringing about an end to violence, which is what we are engaged in now—the protection of civilians and implementing those aspects of the resolution—are essential to the kind of work to which he refers, because at the moment there is not the right atmosphere for any of that other work to take place. We will have regard to the whole of the resolution at the meeting in London.

Mr Peter Bone (Wellingborough) (Con): Would the House be correct in interpreting the Foreign Secretary as saying, in effect, that if there was a ceasefire—a real ceasefire—and attacks on civilians ceased and there was no danger to them, a divided Libya would be a successful outcome of the operation?

Mr Hague: No. Of course, we support the territorial integrity of Libya; I stress, though, that it is our military mission that is laid down in the resolution. That is because we will always stay within international law, with international support and with regional support—and that very much continues to be the case. We are not looking for a divided or a partitioned Libya. We want the people of Libya to be able to determine their own future, and it is only in the event of an end to violence, and the ceasefire that the resolution calls for, that they will be able to do that.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): With specific reference to the Foreign Secretary's update on the involvement of the Arab League, will he clarify whether the Qataris have been involved in flying over Libya?

Mr Hague: Qatari forces are taking part in the enforcement of the no-fly zone.

Duncan Hames (Chippenham) (LD): In these troubled times, Governments are swift to announce asset freezes for these astonishingly wealthy ruling elites. When a regime ultimately falls, as may turn out to be the case in Libya, what then happens to those assets?

Mr Hague: These assets belong to the people of Libya, and so in all normal circumstances—if we can describe any of these circumstances as normal—they

[Mr Hague]

would be available to a future Government of Libya. They are frozen, not confiscated. In this case, of course, they are very substantial. In the UK, we have frozen £12 billion of assets; in the United States, I think there were $30 billion of assets. That just shows that the Libyan people could have a much more prosperous future if they had a more economically open and politically free approach. Those assets are held for them.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Now that the no-fly zone is operational, does the Secretary of State agree that there is little justification for the continuation of bombing of Libyan infrastructure and idle assets, and that offensive enforcement of a no-fly zone should be targeted only at mobilised Libyan Government military forces?

Mr Hague: Operations have been directed against military forces or against the command and control of those forces. As my right hon. Friend the Defence Secretary always stresses in our meetings, we take the greatest care to avoid civilian casualties, and there have been no confirmed civilian casualties caused by coalition activities so far. We do everything we can to minimise the risks of that. Certainly, the air strikes and missile strikes that we have authorised are on military targets—on air defence systems, on forces that are threatening the civilian population of Libya, or on the command and control of those systems. Those are all wholly legitimate targets.

Thomas Docherty (Dunfermline and West Fife) (Lab): Given the vital nature of sustaining the coalition, may I press the Foreign Secretary to clarify for the House how often meetings of the coalition will take place, and at what level?

Mr Hague: As I mentioned earlier, there is a regular meeting in Brussels between contributing nations—representatives of the countries involved. Many of those are, for instance, permanent representatives to NATO. That takes place all the time. We are also, at a ministerial level, in daily touch across the coalition through telephone calls and visits from one country to another. The conference that we will host in London on Tuesday is at the broadest level—the highest strategic level—to look at future stabilisation and humanitarian questions, as well as at what is going on in Libya now. I assure the hon. Gentleman that all those things together form a mass of consultation and involvement—with daily conversations with the Arab League, for instance. The Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), and I speak to Amr Moussa, the secretary-general of the Arab League, pretty much every day. There is extensive consultation.

Dan Jarvis (Barnsley Central) (Lab): May I push the Foreign Secretary a little further on any international stabilisation force? What is the Government's thinking on which UN agency should lead any post-conflict work, and which individual would lead such a potentially huge task?

Mr Hague: Those are perfectly legitimate questions, but slightly in advance of where we have got to. My right hon. Friend the International Development Secretary is engaged in discussions about that. There are a variety of agencies and a variety of individuals who can lead it. That is one of the things that we will be able to discuss with our partners at the conference next week.

Ann Clwyd (Cynon Valley) (Lab): Next week the Government intend to change the law on universal jurisdiction, making it more difficult to get an arrest warrant in this country for those accused of war crimes. Where is the logic in that?

Mr Hague: The logic is that it will still be possible to get an arrest warrant if there is a reasonable chance of prosecution. It makes this country rather ridiculous if people can get an arrest warrant for people from other countries where there is no realistic chance of prosecution. It is therefore important to change that law. The law as it stands has been abused in relation to visitors from several other countries. It was abused, in my view, when there was a threat to the proposed visit of Mrs Livni to the United Kingdom. She is an Israeli politician of great importance, and a strong advocate of the peace process, but she feels unable to visit the United Kingdom because of that law. If we want, as we do, to be able to engage in pushing forward the peace process, we need such people to be able to visit the United Kingdom.

Points of Order

1.38 pm

Helen Jones (Warrington North) (Lab): On a point of order, Mr Deputy Speaker. On Tuesday, a member of the trade union USDAW who was attending an event in this House was not allowed to enter because security officials objected to one of the slogans on the board he was bringing in. They did not object to his bringing in a board per se, but merely to the slogan, which said: "Child Benefit Frozen by the Tories". The USDAW One was kept in a room near the security entrance until I went down to free him, when he was allowed to come through. Will you investigate this matter, Mr Deputy Speaker, and can it be made clear that entrance to this House should be denied only on the grounds of security, and not on the grounds of the views that people wish to express?

Mr Deputy Speaker (Mr Lindsay Hoyle): I am grateful to the hon. Lady for giving me notice of her point of order. This is not a matter on which I can readily comment. I invite her to discuss it with the Serjeant at Arms. As the hon. Lady knows, we do not discuss security arrangements on the Floor of the House, but I hope that some arrangement may be come to.

Ben Gummer (Ipswich) (Con): On a point of order, Mr Deputy Speaker. Following comments made by a senior member of the Opposition Front Bench on the "Today" programme this morning, I wonder whether you could clarify a point of order for me, as a new Member of this House unsure of all its rules. I know that it is not in order to accuse an hon. Member of lying following comments made inside the Chamber, but I wonder whether it is in order to accuse an hon. Member of lying on the basis of comments made outside the Chamber.

Mr Deputy Speaker: I thank the hon. Gentleman for letting me know about that point of order. The position on reflections made on Members of the House, and others, is set out on pages 438 and 439 of "Erskine May". Reflections on Members' conduct cannot be made in debate unless based on a substantive motion. That applies to reflections made on conduct either inside or outside the Chamber.

BILLS PRESENTED

European Convention on Human Rights (Withdrawal) Bill

Presentation and First Reading (Standing Order No. 57)

Mr Peter Bone, supported by Mr Philip Hollobone, Mr Christopher Chope, Mr Nigel Dodds, Mr Douglas Carswell, Mark Reckless, Richard Drax, Philip Davies and Dr Julian Lewis, presented a Bill to make provision for the withdrawal of the United Kingdom from the European Convention on Human Rights.

Bill read the First time; to be read a Second time on Friday 9 September, and to be printed (Bill 172).

Common Fisheries Policy (Withdrawal) Bill

Presentation and First Reading (Standing Order No. 57)

Mr Peter Bone, supported by Mr Philip Hollobone, Steve Baker, Mr Christopher Chope, Mr Nigel Dodds, Mr Douglas Carswell, Mark Reckless, Richard Drax, Philip Davies, Andrew Percy and Dr Julian Lewis, presented a Bill to make provision for the withdrawal of the United Kingdom from the Common Fisheries Policy.

Bill read the First time; to be read a Second time on Friday 21 October, and to be printed (Bill 171).

European Union (Freedom of Movement) (Amendment) Bill

Presentation and First Reading (Standing Order No. 57)

Mr Peter Bone, supported by Mr Philip Hollobone, Mr Christopher Chope, Mr Nigel Dodds, Mr Douglas Carswell, Mark Reckless, Richard Drax, Philip Davies, Zac Goldsmith and Andrew Percy, presented a Bill to make provision for the United Kingdom to establish immigration controls for European Union nationals independent of the European Union.

Bill read the First time; to be read a Second time on Friday 25 November, and to be printed (Bill 170).

European Union (Exemption from Value Added Tax Regulation) Bill

Presentation and First Reading (Standing Order No. 57)

Mr Peter Bone, supported by Mr Philip Hollobone, Steve Baker, Mr Christopher Chope, Mr Nigel Dodds, Mr Douglas Carswell, Mark Reckless, Richard Drax, Philip Davies and Zac Goldsmith, presented a Bill to make provision for the United Kingdom to set Value Added Tax rates without regard to the rules set by the European Union.

Bill read the First time; to be read a Second time on Friday 20 January 2012, and to be printed (Bill 169).

Ways and Means

Budget Resolutions and Economic Situation

AMENDMENT OF THE LAW

Debate resumed (Order, 23 March).

Question again proposed.

(1) That it is expedient to amend the law with respect to the National Debt and the public revenue and to make further provision in connection with finance.

(2) This Resolution does not extend to the making of any amendment with respect to value added tax so as to provide—

(a) for zero-rating or exempting a supply, acquisition or importation,

(b) for refunding an amount of tax,

(c) for any relief, other than a relief that—

(i) so far as it is applicable to goods, applies to goods of every description, and

(ii) so far as it is applicable to services, applies to services of every description.—[*Mr George Osborne*]

1.41 pm

Ed Balls (Morley and Outwood) (Lab/Co-op): For a fleeting moment, I thought that I was in the wrong debate. It is always interesting to hear proposals put before the House by the hon. Member for Wellingborough (Mr Bone).

Twelve months ago, at the time of last year's Budget, unemployment was falling, growth was rising, inflation was low and stable, and we were on track to halve the deficit in four years. Indeed, because more people were in work, paying taxes and not receiving benefits, borrowing ended up £12 billion lower last year than was forecast the autumn before. However, there was still a long way to go. Following the biggest global financial crisis of the past century, we were getting back on the right track to get the deficit down and to restore our economy to sustainable growth.

One year on, the economic context for this Budget is radically different. Inflation is up to 4.4%, increasing prices for everyone and threatening a rise in mortgage rates. Unemployment, which was falling, is now rising to its highest level for 17 years. Consumer confidence has seen its biggest fall for nearly 20 years. Our economy, which was growing, has ground to a halt according to the latest figures. Just a few months ago in the autumn, we were told by the Prime Minister, among others, that the economy was out of the danger zone. However, on growth, inflation and unemployment, it appears that we are now re-entering the danger zone.

The question that families and businesses up and down the country will be asking is what changed over the past 12 months. Let me set out for the House what did change over the past 12 months. Yes, commodity prices have gone up. Yes, world oil prices are higher. Yes, we had a bad winter. However, other countries such as America, Germany and France have been similarly affected by higher oil and commodity prices and by bad weather, and their economies are still growing, unlike the British economy. Germany had worse snow than Britain, there was a big freeze in France and the US had the worst blizzards for decades, but their economies grew in the fourth quarter of last year. While our growth forecasts have worsened, theirs have improved. The German economy is forecast to grow more strongly than it was last year, as is the American economy. Growth in the world economy has been revised up. Which is the major economy that is now downgrading its growth forecasts? It is the United Kingdom.

Matthew Hancock (West Suffolk) (Con): Will the right hon. Gentleman accept and welcome the fact that the British economy is growing faster than the EU average, or will he continue to talk down the economy?

Ed Balls: On the latest figures, the British economy was not growing at all—in fact, it had contracted by 0.6%.

I see the hon. Gentleman's press releases regularly. They come across my desk two or three times a day. I want to give him some support. *[Interruption.]* I want to give him some support. The hon. Gentleman has a campaign to reverse the cancellation of funding for a dilapidated school in his constituency following the cancellation of Building Schools for the Future. I am right behind him. He has called for a new pedestrian crossing and to unblock the money for it, which is being blocked by a Tory council. I am with him. He has campaigned to keep his local library open. I am right behind him on that one. He wants to keep Thetford forest safe. Yes, I am with him on that one. He asks how we can deal with the pressures on the voluntary sector. I have to say, I think that he is in the wrong party.

Under Labour's plan, the economy was set to grow strongly. *[Interruption.]* I have just given the hon. Gentleman more publicity than he had in three months from all those press releases.

Ben Gummer (Ipswich) (Con): On the Labour plan, the right hon. Gentleman said this morning on the "Today" programme that we went into the recession with a low deficit. Is an average deficit of 2.9% low in his mind, or was that a mis-speak?

Ed Balls: I do not want to give the hon. Gentleman an economics lesson, but he needs to be able to differentiate his deficits from his debts. The fact is that we went into the downturn with a low deficit. We were borrowing to invest. Our national debt was lower than that of America, Germany, France and Italy, and lower than the national debt that we inherited from the Conservatives. We will not take any lectures from them on fiscal profligacy. Who was it who raised taxes 22 times in the 1990s?

Under Labour's plan, the economy was set to grow strongly, unemployment was falling, and we were on track to halve the deficit in four years. Everything has now changed. But what changed? The change was the arrival of a new Conservative Chancellor who was determined not to halve the deficit in a Parliament, but to eliminate it entirely with an immediate hike to VAT, the deepest spending cuts our country has experienced in 70 years and the largest spending cuts of any major country in the world. America has a big deficit, but it is cutting it at a steadier pace and keeping its jobs programme in place. Its economy is now growing strongly and unemployment is falling.

Mr Peter Bone (Wellingborough) (Con): Will the right hon. Gentleman give way?

Ed Balls: In a second, but I certainly will.

In Britain, we have to make some tough choices to get the deficit down. That means fair tax rises and spending cuts, but the Chancellor's policy is going too far and too fast, and we are paying the price in lost jobs and slower growth.

Jesse Norman (Hereford and South Herefordshire) (Con): I am not sure quite which hallucinogenic substances are being ingested on the Opposition Benches, but if I may ask a question—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I think that we will reconsider the suggestion about drug taking.

Jesse Norman: I am happy to withdraw the suggestion and to make it clear that the substances in question were not hallucinogenic. May I simply ask the shadow Chancellor—

Mr Deputy Speaker: Order. Is there a suggestion that my ruling was wrong?

Jesse Norman *indicated dissent.*

Mr Deputy Speaker: I take it that you have withdrawn the suggestion, Mr Norman. I accept that. Are you now going to pose a very quick question?

Jesse Norman: Will the shadow Chancellor enlighten us on why WPP left this country under the last Administration, and why it has now returned, as has been announced in the news today?

Ed Balls: I am very pleased that WPP has returned to this country, and I am very disappointed about the 3,500 jobs lost at Pfizer in Kent. That is why we need to be careful about how we proceed.

I have to say that I have never in my life taken a hallucinogenic substance. I am happy to take any intervention from Government Front Benchers on that subject.

Mr Bone: I am grateful to the shadow Chancellor for giving way; he is being extremely generous, as always.

Why should we take any lectures from Labour on unemployment, when every single Labour Government have been kicked out with a higher level of unemployment than when they got into power, and when the last Government doubled unemployment in Wellingborough?

Ed Balls: It is a bit rich to have a lecture from the hon. Gentleman, who used to say that the national minimum wage would cost millions of jobs. We, unlike Members on the Government Benches, do not think unemployment is a price worth paying.

The Chancellor is going too far and too fast, and we are paying the price in lost jobs and lost growth. That is because a vicious circle is now taking hold in our economy. If the economy is not growing and hundreds of thousands of people lose their jobs, then fewer people pay tax, more people claim benefits and it is harder to get the deficit down. By cutting too far and too fast, the Chancellor is not solving the problem, he is making it worse. That was why yesterday, we heard from the OBR that growth had been downgraded for last year, this year and next year; that unemployment was forecast to be higher in every year of the forecast period; and that up to 200,000 more people would be unemployed than the Chancellor said last summer. Our borrowing was coming in £20 billion lower, but the Chancellor has now been forced to revise up his borrowing over the next four years by £45 billion.

The Chancellor said yesterday that he would put fuel in the tank of the British economy. Is not the truth that, as a result of his Budget, it is confidence in the British economy that is now tanking, and he who is running out of fuel?

Mr Brian Binley (Northampton South) (Con): May I remind the right hon. Gentleman that in the mid-1990s my constituency was 440th in the jobseeker's allowance list, but that by 2010 it was 132nd? Why should my constituents believe him having seen that record of unemployment under Labour?

Ed Balls: Because a year ago unemployment was falling, and now it is rising. *[Interruption.]* The Chancellor sits on the Front Bench and says, "This is so bad." Does he mean growth being downgraded? Unemployment going up? I will take his intervention at any point he wants, but if he does not want to make interventions from the Dispatch Box, maybe he should not be doing it from a sedentary position. *[Interruption.]* If he wants to intervene, I will allow him. I have made my pledge.

None of what I am saying will come as any surprise to the Secretary of State for Business, Innovation and Skills. He warned of it a year ago. In fact, I remember standing with him on the green on Budget day a year ago, and he said:

"We must not cut Government spending too soon and risk plunging a fragile recovery back into recession. Cuts without economic growth will not deal with the deficit".

Wise words, and how right he has proved to be. Even after the election, and even after his colleagues decided to bury their worries and go along with immediate spending cuts and a VAT rise, the Business Secretary was still warning of the risks to come. He said on "Newsnight" last May, after the general election, that the speed of the cuts had to be based on the condition of the economy. He said:

"These things will have to be judged at the time of the Budget, and of course I don't present the Budget personally but I'll make an input into it."

He went on:

"Over the course of this Parliament judgments about the speed of cuts have got to take account of the changing conditions that are coming, and that is basic economic policy based on evidence, which is what I'm in favour of…We don't know what the impact of these cuts will be on employment."

[Ed Balls]

Wise words again, and he was right. The cuts are too fast and too deep, confidence is tanking and unemployment is up. This Budget was the time to change course, before it was too late. Sadly, the Business Secretary has not been heard.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Does the right hon. Gentleman not accept that public spending is not actually falling but continuing to rise? The sad thing is that we all have to take our share in bearing more than £120 million a day in interest payments on the debt left behind by the last Government.

Ed Balls: The hon. Lady is right—deficits went up. They went up in Britain, Germany, France, America and all around the world. They did not go up because spending or the national debt was too high in Britain. That is a Conservative myth put about to try to justify the Government's cuts to police, the national health service and schools. The reason deficits became big was that we had the biggest global financial crisis in 100 years. If we had not let the deficits go up when the tax revenues went down, it would have been not a world recession but a world depression. It was only our actions—here in Britain and around the world—that saved our financial system from disaster. We nationalised the banks, let the deficit go up and got unemployment down—all of which was opposed by the present Chancellor.

Michael Fallon (Sevenoaks) (Con): If all that is true, can the shadow Chancellor explain why the deficit here was the worst in the G20?

Ed Balls: The hon. Gentleman knows the answer. We went into the downturn with a deficit that was low and covered our borrowing for investment. *[Interruption.]* It was low. We had low national debt—lower than France, Germany or Japan. We then had a global financial crisis, which hit the American and British economies hard. Our economy had a larger financial services sector than others—that was precisely why we did not join the single currency in 2003—so of course America and Britain were harder hit than other countries by the financially driven recession.

If we had not let the deficit go up, which some hon. Members now seem to think we should not have done, the result would have been unemployment above 3 million rather than it peaking at 2.5 million. The economy would have gone from recession into depression. That is the economics of the situation. The question is, who did a good job of getting the deficit down? We had the deficit coming down, unemployment coming down and growth going up, but a year later we have unemployment going up, inflation going up and the economy ground to a halt. As a result, borrowing will be £45 billion higher, not lower.

John Mann (Bassetlaw) (Lab): My right hon. Friend may be able to assist me with some statistics that are missing from the Government's document "The Plan for Growth". I can see nothing in it about what has happened in the past 15 years. The chart showing growth under the last Government is missing. Similarly, there are no international comparisons showing what is happening to our growth compared with other countries, and what was happening under the last Government.

Ed Balls: The reality was that we had a long period of sustained growth and low inflation, and we reversed the high unemployment of the 1980s and 1990s. We put behind us the instability of the Tory years by making—*[Interruption.]* If the Chancellor wants to make an intervention, we are still waiting.

The Chancellor of the Exchequer (Mr George Osborne): Is the shadow Chancellor saying that the last Government abolished boom and bust?

Ed Balls: I noticed that the Chancellor did not choose to intervene with the answer that I was hoping for, but there we are. The fact is, when we came into government in 1997, we made the Bank of England independent and he opposed it.

We had a period of sustained growth and rising employment. The Conservatives said that the national minimum wage would cost jobs, but employment went up. Under the Conservatives child poverty doubled; under Labour it came down.

We had the longest sustained period of investment in the NHS since the second world war, but there was a global financial recession, which affected countries around the world. Who dealt with that? The British people should be thankful that it was not the Chancellor and his friends, because opposing nationalisation of the Royal Bank of Scotland and Northern Rock would have been a catastrophe for the British economy.

Mr Mark Field (Cities of London and Westminster) (Con): Although the right hon. Gentleman is right to say that there was global downturn, and he also rightly points out that there had been continued growth between 2000 and 2007, in each and every one of those years a deficit was being run up. That is our point—an unsustainable deficit was run up in the good times, before the global crisis began.

Ed Balls: I have studied the Chancellor's new fiscal mandate. He says that he wants to get the national debt on a downward trend by the end of the Parliament. We had national debt on a downward trend in 1997, 1998, 1999, 2000 and 2001. Before the financial crisis hit, our national debt was lower than the debt we inherited from the Conservatives. *[Interruption.]* Hon. Members are barracking—but let me answer the hon. Gentleman, because at least he asked a serious question, unlike some of the nonsense we have heard from other hon. Members on the Government side of the House. The second part of the fiscal mandate is to get the budget, excluding investment—the current balance—back into balance by 2015. Yet that is the golden rule.

The golden rule is getting, over the cycle, the current budget, excluding investment, into balance. That never happened in the 1980s and the 1990s, but it happened for a sustained period under Labour. However, it is true that, throughout that period, we borrowed to invest. Of course we did. Our infrastructure—our schools and hospitals—had not been invested in for 20 or 30 years.

Throughout the period before the financial crisis, national debt was below the level that we inherited from the previous Conservative Government.

Elizabeth Truss (South West Norfolk) (Con): Is not it the case that in 1997 Labour cancelled the road-building programme, which would have been an investment in infrastructure?

Ed Balls: If I remember rightly, our mistake was not to reverse the cancellation of the road-building programme that we inherited from the previous Government. We inherited an environment Department that did not want to build roads and a transport Department that had given up asking for transport investment. When we came into government it took time to build schools, because in the previous 18 years so few new schools had been built that local authorities had lost the capacity and the ability to build them. That is the reality.

Several hon. Members *rose—*

Ed Balls: I will make a bit more progress before giving way.

Let me return to the Business Secretary, because he was wise to say that those matters should be judged at the time of the Budget, based on the economic conditions. That is why we have argued that the Budget was an opportunity to change course from the reckless cuts. The problem is that the Business Secretary has not been heard. The blinkered Chancellor is ploughing on regardless, oblivious to what happens around him.

The Business Secretary needs to change tack. "Newsnight" is clearly not the way to get his message out. It does not get him on to the front pages; it does not make people listen to him. Why does he not do what he did last time? Perhaps he needs to call in some more young constituents for another candid conversation, another avuncular chat. It worked last time. The Chancellor certainly knew about his views on media ownership and News International. It is a pity he did not also share his thoughts on the risk to growth and jobs from the Chancellor's reckless cuts.

The Business Secretary knows that the Chancellor is taking a massive and reckless gamble. He knows that it is the wrong thing to do, just as he knows that scrapping the future jobs fund and education maintenance allowances, hiking up tuition fees, raising VAT and cutting benefits for disabled people is wrong. It is one thing to want to be in power, but sacrificing one's principles and beliefs for power is quite another. They used to call him Saint Vince, the wise economist. He had a reputation for telling it like it is. Why does he not tell us what he really thinks today? He knows that the economic strategy of the Government of which he is now a part is deeply flawed, misguided and unfair.

Lorely Burt (Solihull) (LD): The right hon. Gentleman is right—the Business Secretary is very wise. He warned the right hon. Gentleman when he was a business Minister with responsibility for the City that there was far too little regulation for the banks. Does he now regret the fact that he said at the time that we should have light-touch regulation for the banks, which eventually proved so disastrous?

Ed Balls: We all look back and say that we should have been tougher on the banks. Of course we should have been. The irony is that the Business Secretary is in government, sitting next to a Chancellor who criticised us in 2005 and 2006 for being too heavy-handed in our regulation of the banks. We were told that too much heavy-handed regulation from Europe was stifling the competitiveness of the City of London. The Conservative party called for light-touch regulation: that was the reality at the time.

As for the Business Secretary's other regular critique, that we allow too much household debt in our economy, it was interesting to note from looking at the OBR Budget Book last night that household debt as a percentage of income is now forecast to rise next year, the following year, the subsequent year, the year after that and the year after that—five years of household debt as a percentage of income rising every year, while the savings ratio stays low and stable. He is part of a Government that are certainly not delivering what he said was the prospectus for the future.

Mr Edward Timpson (Crewe and Nantwich) (Con): The shadow Chancellor is keen to tell us what happened to the national debt between 1997 and 2001, but is silent about what happened to it after that. Perhaps he could enlighten us about what happened to the national debt between 2001 and when he left office?

Ed Balls: I have not been silent at all. I said that there was a global financial crisis, which meant that our deficit and our debt rose, as it did in America, France, Germany and Japan. It is a good job that we went into the crisis with a lower national debt than we inherited, and a lower level of national debt than France, Germany, America and Japan. It is a good job that we did not listen to the Conservative party, or our debt would have been higher, our unemployment would have risen and we would still be in a depression.

Jacob Rees-Mogg (North East Somerset) (Con) *rose—*

Hon. Members: Hooray!

Jacob Rees-Mogg: Thank you. I am grateful for such widespread support.

May I draw the shadow Chancellor's attention to page 8 of the Red Book? He referred to private sector debt, which rose from 200% of GDP to 450% of GDP when the Labour Government were in office. That fundamental instability led to our troubles. It was great while debt was rising—it led to full Government coffers—but it got out of control and that is the root cause of the problem.

Ed Balls: As I said, the OBR says that subdued consumption outlook requires households to dip into their savings again in 2011, so the savings ratio continues to fall back from its post-recession peak. It also says that the savings ratio is now forecast to be historically low. Household debt as a percentage of income rises every year from 2010, even though it fell in 2009-10. Those are the facts.

Yesterday we needed a plan from the Chancellor to help hard-pressed families facing the squeeze, to get people back into work and to get our economy growing

[Ed Balls]

again. That is what we needed, and that is what we did not get. There was no change to a deficit reduction plan that is faster than that of any other major economy in the world. It pushes growth down and unemployment up. The Chancellor fails to realise that cutting too deep and too fast will make it harder to get our deficit down. He also failed to understand that while he gives the banks a tax cut this year, ordinary families are being hit hard now. It was a smoke-and-mirrors Budget.

Rory Stewart (Penrith and The Border) (Con): Will the right hon. Gentleman please share his plan and growth strategy with us?

Ed Balls: I will gladly share our plan. First, the economy was strengthening and unemployment was falling—*[Interruption.]* The Chancellor's Parliamentary Private Secretary shouts too loudly. Why does he not calm down a little? That may be how they do things in Chelsea and Fulham, but we do not do that in the House of Commons.

Unemployment was falling and growth was rising because we were halving the deficit over the four years. The Chancellor has gone from halving the deficit to trying to get rid of it entirely in four years, by implementing the largest cuts to spending and tax rises of any economy in the world. It is not working. In fact, we heard today that Moody's, the credit rating agency, is looking at whether it needs to downgrade the British economy because of the threats to growth following yesterday's Budget.

Secondly, Labour would repeat the bank bonus tax now, raise £2 billion for a second year, and use that to build 25,000 more homes and create 110,000 more jobs for young people who are now not going to get help from the future jobs fund. That was our second plan—and that option was entirely open to the Chancellor, but he chose not to repeat the bank bonus tax, but instead to give a tax cut to the banks.

Thirdly, we would have reversed the rise in VAT on fuel, because the Chancellor's 1p cut in the Budget—there is still doubt whether that will actually get to motorists—is outweighed by the 3p a litre rise in fuel prices because of the VAT increase that he introduced just a few weeks ago. We cannot blame the Chancellor for the rise in world oil prices resulting from the middle east crisis. He made the right decision not to go ahead with the duty rise, and we would have done the same, given the level of world oil prices. However, the rise in VAT was a complete own goal. It pushed up inflation and prices and cut family budgets. It was a mistake. It was the wrong tax at the wrong time. The Chancellor should just admit that he got it wrong, go to his European partners and say, "Can I reverse this mistake before it's too late?"

That is our plan, and the Chancellor—*[Interruption.]* Government Members shout, "Is that it?" but they do not understand the economics of this and the previous Budget. Halving the deficit over four years was ambitious but deliverable. Eliminating the budget deficit in four years means a massive fiscal contraction. Unless we suspend all the laws of economics, assume that no international evidence counts, and believe that fiscal multipliers do not count in our kind of economy, that kind of contraction in fiscal policy and its impact on the public and private sectors is crushing. Only Greece is trying to go faster. We have already seen the biggest fall in consumer confidence for 20 years, and unemployment is up before the cuts have really started to bite.

People are looking to the future and are worried, and the Chancellor is not listening. In his world, that is not a concern. He does not worry about what is happening out there in the real economy but for businesses and families up and down the country, the prospect of rising unemployment year by year, of slow growth last year, this year and next year, and of falling confidence, is a real concern. My advice to the Chancellor is this: take the blinkers off and look at what is actually happening in our economy. It is hurting, but it is not working.

Stephen Hammond (Wimbledon) (Con): We just heard that the shadow Chancellor's plan is to halve the deficit over the lifetime of this Parliament. For clarity's sake, will he tell us what the implications of that would be for the cost of borrowing? What advice has he taken on the yields on 10-year gilts, which would clearly move if we cut borrowing?

Ed Balls: The hon. Gentleman needs to look at what is actually happening to the yield curve, the term structure and long-term interest rates. He will know that before the election, when the previous Government had a plan to halve the deficit over four years, the long-term interest rate level was pretty much identical to the rate now. That is the fact. Our debt maturity is long, our long-term interest rates are low, and there has been no problem getting our gilt auctions away at any point in the last two or three years. The idea that there was some big impending crisis is a myth invented by the Chancellor of the Exchequer and the leader of the Liberal Democrats to justify the biggest and most unfair U-turn on a manifesto that we have seen in the last 100 years of British political history.

Duncan Hames (Chippenham) (LD) *rose—*

Matthew Hancock *rose—*

Ed Balls: I will take an intervention from the hon. Member for Chippenham (Duncan Hames) now, but I will come back to the hon. Member for West Suffolk (Matthew Hancock)—definitely.

Duncan Hames: The shadow Chancellor wants to slow the pace of spending cuts, so will he tell us what spending cuts he wants in the coming year?

Ed Balls: I think the rise in VAT was a mistake, and I think the hon. Gentleman used to agree. I think that spending cuts this year are a mistake, and I think he used to agree with that too. I would halve the deficit over four years, and borrowing would have come in £20 billion lower—*[Interruption.]* I will answer the question. I set out more detailed spending cuts—in schools—than any other Cabinet Minister at that time. We said we would cut £1 billion from policing, and, for example, that we would go ahead with the disability living allowance gateway reforms. However, the scale and pace of the Government's cuts are too deep and too fast, which is destabilising our economy. We were right to say, "Don't make the cuts until the recovery is secure.

If you make cuts on this scale before the recovery is secure, what do you end up with? No recovery at all." That is the situation today.

Matthew Hancock *rose—*

Ed Balls: Let me turn to the detail of the Budget for a second more, but I look forward to hearing from the hon. Gentleman. I only read out five of his Labour campaigns, but maybe he will enlighten us on a sixth in a moment.

Albert Owen (Ynys Môn) (Lab): The shadow Chancellor was right to remind the Liberal Democrats that they once thought that a VAT increase would be a bombshell, but does he also remember the Prime Minister, when he was Leader of the Opposition, saying that VAT was a regressive tax that would hit the poor the hardest, and that he had no intention of increasing it?

Ed Balls: I also remember the Chancellor saying that the Budget was progressive, and it turned out to be regressive, but my hon. Friend is being unfair to Liberal Democrat colleagues. They were not against a VAT rise; they were against a Tory VAT rise. Nick Clegg's general election leaflets said, "Stop the Tory VAT bombshell," and he never said, "Stop the Tory-Liberal Democrat VAT bombshell," so my hon. Friend is being a little harsh on colleagues.

Matthew Hancock: The right hon. Gentleman talks about international evidence, but why should we listen to him rather than to the OECD, the International Monetary Fund, the European Commission and all major business organisations, which support the concept of dealing with our debt?

Ed Balls: The hon. Gentleman needs to be careful with boastful interventions. Let me read out a quotation:

> "The measures we have taken have been commended by international bodies such as the European Central Bank, the European Commission, the IMF and the OECD. They have also won the approval of the international markets."

That is the financial statement of 9 December 2009 from the Irish Finance Minister. He is no longer in office, because he had OECD and IMF approval for a policy that drove unemployment up, growth down, confidence down and the deficit up. Does that not sound somewhat familiar? *[Interruption.]* If the hon. Gentleman wants to make a third intervention, I shall happily take it, but perhaps he should reflect a little further before he puts out his next press release.

The Chancellor said yesterday that this was not a tax-raising Budget and he did not need to ask for a penny more. However, when we study the details of the Red Book—in table 2.1 on personal tax, the tax cuts from the personal allowance and the tax increases from the switch to the consumer prices index, and changes to national insurance contributions—we find that the tax increases are bigger than the tax cuts. That is the fact. The increase in the personal allowance, which the Liberal Democrats boasted about with such enthusiasm yesterday, is completely crushed by the CPI increase: that is there in the Red Book. The Chancellor said that he would not come along and mislead the House in his Budget, but that is exactly what he did.

We also found out that because the Government changed the indexation of national insurance and the personal allowance, and because many people in our country—disproportionately women—are in part-time work and on low wages, and pay national insurance but not income tax, yesterday was a tax rise for 400,000 of the lowest-paid workers in our country, disproportionately women and part-time workers. That never made it into the Chancellor's speech, nor did he say that the personal allowance changes were worth £48 a year, but the VAT rise will cost the average family with children £450; that never cropped up in the speech either. Nor did he point out that the upgrading of the GDP deflator—the inflation measure—means that despite the Prime Minister's promises last year that NHS spending would rise in real terms year by year, it will actually fall year by year. That is another broken promise from the Prime Minister.

Many business people will be asking, "Why didn't we have a Budget that did a bit more for growth?" It looks as if I was right in Treasury questions on Tuesday when I suggested to the Chancellor that his growth strategy was so flimsy he needed to beef it up, because he has now cut corporation tax by 1p, which is welcome, and is paying for it through measures on tax avoidance, which is also welcome. However, paragraph B.13 of the OBR's Budget document reads:

> "The OBR was notified of the change to corporation tax and the 1p cut in fuel duty…too late to incorporate any indirect effect of these measures in the economy forecast."

I do not think he told the OBR until the afternoon before. However, it was able to give some clarity. It said that it believed that

> "any such effects would have been minimal."

This growth strategy has been produced with fanfare and much delay, but since publication his own independent auditor, the OBR, has said that it will have no impact on growth and jobs in our economy. Is that not the reality?

An alternative was open to the Chancellor, and it was one that I have set down. He could have decided to follow the American example and cut the deficit at a steadier pace in order to strengthen growth and lower unemployment.

Angela Smith (Penistone and Stocksbridge) (Lab): Moody's credit rating agency warned today that the UK's triple A credit rating could be affected by slower growth. Does that not undermine entirely the Conservative party's too-fast, too-deep cuts strategy and show that growth is the important aspect of this country's economic policy?

Ed Balls: I accept my hon. Friend's point. I was tempted earlier to go down that road, because the fact is that in 2006, 2007 and 2008, the credit rating agencies entirely failed to spot the financial crisis in the first place. The Conservative party and the Liberal Democrats are keen to quote credit agencies when they support their case, but not when they do not support their case. The truth is that the credit agencies failed in the crisis, and quoting them at all is very risky indeed.

As I said, the Chancellor should have adopted our plan for deficit reduction, growth and jobs. He also ought to have adopted our plan to repeat the bank bonus tax for a second year, and used it to give immediate

[Ed Balls]

help to young people and jobs, rather than cancelling—in fact abolishing—the future jobs fund. As I have also argued, he should have cut VAT on fuel. That would have been a fairer and more substantial approach. However, the fact is that this year, as a result of the Chancellor's tax decisions in the Budget, fuel tax will not fall; it will rise by 2p per litre. That is the reality.

The Chancellor should have reversed the VAT rise. That was a big mistake. Two years ago, when we proposed a cut in VAT, which got growth moving and unemployment down, he said, "People won't notice the VAT cuts." I am sure that he did not notice them himself, and he probably thinks that people will not notice the VAT rise either. The fact is, however, that with consumer confidence and growth down, and unemployment up, people are noticing what is happening and what he is doing. That is why they are so worried.

Mr Dave Watts (St Helens North) (Lab): Does my right hon. Friend agree that the Government are yet to spell out how they will ensure that the increases for fuel companies are not passed on to motorists?

Ed Balls: There has been some confusion on this over the past 24 hours. We know from the OBR that it was told of the 1p cut in fuel duty so late that it could not even get it into its economic forecast. The Chancellor realised at the weekend that he was behind the curve, that he was not setting the agenda, that living standards were a rising issue and that Labour was making the case for fuel tax cuts, so he jumped in late with his 1p cut, but he did not have the courage to reverse his 3p rise. That is the reality. Had the Chancellor done things properly—I can give him some advice on this, because I know how to do things properly on North sea oil tax—he would have consulted the oil companies in plenty of time, explained what was happening, made the case, got their agreement, and then announced the policy in the Budget. I think that many of the oil companies did not find out about it until it was announced in the Budget. That was the problem.

Yesterday afternoon the Chief Secretary to the Treasury—as always, he is not here—was on a television programme about the Budget. He was asked, "How will you stop the oil companies simply passing on the cost in consumer prices?" He said that he did not know, but that he would monitor the oil companies closely. That was the problem. The Government did not do the work, and this was cobbled together at the last minute. That is why it has caused so much confusion and consternation in the past 24 hours. He needed a headline and a flourish to his speech, but he did not want to announce that they were cutting the winter fuel allowance—an announcement we would never have had at the end of a Labour Budget—so instead he announced a cobbled-together, last-minute 1p cut in petrol tax.

The Chancellor is not listening.

Mr George Osborne: I can see that the right hon. Gentleman wants to get this point on the winter fuel payment going. Will he confirm, therefore, that I am only following the plan set out in the last Labour Budget on the winter fuel payment?

Ed Balls: A plan was set out in the last Labour Budget for a 1p rise in petrol tax, but the Chancellor reversed it. If he could reverse it on petrol tax, why could he not reverse it on the windfall tax? The fact is that it was not his priority. When we entered government in 1997, what did pensioners get? They got £10 in a Christmas bonus. What did they get from Labour? They got £200, and the poorest pensioners got £300. What did we do? We confirmed in Budgets that we could carry on with the £300 in a sensible and proper way for a period of years. It would have been for the Chancellor to decide in this Budget what then to do, but I can tell hon. Members that a Labour Chancellor would have extended it. Instead, a Tory Chancellor cuts it. That is the truth.

The Chancellor is not listening. He just does not get it. He does not get how hard people are being hit by higher VAT and cuts in local services. He does not get what it means to face the fear or reality of unemployment. For the sake of our country's future, he needs to think again and start putting jobs first—and he needs to start doing that right now.

2.27 pm

The Secretary of State for Business, Innovation and Skills (Vince Cable): I want to talk about how we progress from the painful but very necessary deficit cuts to achieving growth that is balanced and sustainable. However, I shall start by addressing the shadow Chancellor's attack. His starting point seems to be that the past is another country, and that 2010 was year zero. I am afraid, however, that all his rather bumptious self-confidence cannot conceal his massive legacy: the biggest deficit in the G20, an overweight and damaged banking system, and an economy that was hopelessly unbalanced.

The right hon. Gentleman's criticism is built around the downgrading of the growth forecast, but before we get any more of this "Growth is down! Growth is down!", let us remember what happened to growth in the last two years of the Labour Government—it was down to minus 4%. By the last quarter of the Labour Government, GDP was back where it was in 2006. Indeed, if we look at growth on a per capita basis—that is, living standards—we find that five years of Labour Government produced a decline in per capita incomes in Britain. The only time in history that this had happened previously was shortly after the first world war, so we do not need any lessons on growth. As the Chancellor pointed out yesterday, the European Union and the IMF has Britain's projected growth comparing favourably with that of France—the shadow Chancellor's favourite country—Italy, Spain, the eurozone and the whole of the European Union of 27. Our projection is better than any of those.

Mr Chuka Umunna (Streatham) (Lab): This morning at the Treasury Committee, the former chief economist in the Cabinet Office, Jonathan Portes, remarked that—as my hon. Friend the Member for Bassetlaw (John Mann) has also pointed out—"The Plan for Growth" that the Business Secretary has published does not show the average growth from 2000 to 2010. Why is that? Presumably the Business Secretary knows the numbers, so does he agree that the performance was not terribly bad, which is precisely what Jonathan Portes said?

Vince Cable: For six of those 10 years, we were dealing with an artificial boom based on a property bubble, an overweight banking system and, as the shadow Chancellor has acknowledged, gross levels of personal debt. That was why there was rapid growth in the early part of that period. However, if we look at that period as a whole, including the last period of Labour Government, we see a decline in per capita income that was unprecedented even in 20th-century history. That is the record that we are dealing with.

Let me deal with the shadow Chancellor's pessimism about employment. We are all rightly concerned about unemployment—we have to be—but let us remember that last year growth was 1.3%, which is lower than the projected growth for the coming year. In that time, there were 428,000 new private sector jobs—300,000 were in the second half of last year—which by a long way more than offset the 132,000 job losses in the public sector, many of which, incidentally, were a result of the cuts that the last Government were starting to introduce. Our responsibility—this was the purpose of the Budget—was to ensure that we have sufficient private sector confidence so that companies hire people and invest.

Mr Watts: If the economy delivers lower growth, as is likely, and if unemployment continues to increase, does the right hon. Gentleman believe that the Government need to adopt a plan B?

Vince Cable: We are sticking very firmly with plan A, because plan A is right. The hon. Gentleman will know that flexibility is built into economic management, primarily through monetary policy, and that is the mix that we will continue.

The shadow Chancellor is right. There is of course concern about a squeeze on people's living standards, and we are concerned about that no less than he is. The Chancellor has tried to alleviate the problem through action on fuel duty and by lifting the income tax threshold. I would like to spend a few moments looking at the two proposals that the shadow Chancellor has made—he has repeated them today—to deal with the problem. The first proposal turned out to be illegal under European Union law. Like me, he is a good European—we would both like to observe European Union law—and to change that law would have taken roughly five years, which will not provide much relief.

After the fiasco of the shadow Chancellor's "VAT relief on petrol" idea, his other big idea, which he elaborated on today, was to finance jobs through the tax on bank bonuses. I remind him that he and I have some form on this issue. When the last Government were in power, I was critical of the idea of taxing bank bonuses as I did not think it would work. It is to the credit of the former Chancellor that, through his ingenuity, he made it work. In the year in which the measure operated, he raised £2.5 billion—not the £3.5 billion that is often cited, because that takes no account of the offset in corporation tax. Because of his skill in making the bonus tax work, we have to listen to his advice when he says:

> "I think it will be a one-off thing because, frankly, the very people you are after here are very good at getting out of these things and...find all sorts of imaginative ways of avoiding it in...future".

He has counselled very strongly against a repeat of the bonus tax. He was—to use the word—wise.

There is another reason why I am surprised that the shadow Chancellor has returned to the bonus tax issue. He may remember that back in 2006, when he was the City Minister, a big debate opened in the Labour party when Bob Diamond was having one of his early years of extremely generous bonuses. The deputy leader of the Labour party declared "war" on "fat City bonuses". She was promptly slapped down by the then City Minister, who reminded us that such pay-outs were good for tax revenues and for job creation. In that particular Labour party debate, I was very much on the side of the deputy leader.

If the previous Government are serious about taxing banks, why did they allow a situation to arise in which only two of the 15 major banks had in place an agreement to stop large-scale tax avoidance? We have now stopped it. Every single bank is now covered by the HMRC code on tax avoidance. Additionally, we have put in place the levy on banks' balance sheets, raising £10 billion, which is four times as much as the one-off bonus tax would have raised.

Ed Balls: I am concerned by that comment, and I am not sure whether the Chancellor would agree with it. The fact is that hundreds of thousands of people in our country work in financial services, often on low or average earnings of around £20,000 to £25,000 a year. Is the Business Secretary really saying that those jobs are not important, and that job creation in financial services can be dismissed? He is not one of those people who says, "Let the financial sector go to Switzerland", is he? He is supposed to be the Business Secretary.

Vince Cable: I really do not know what the right hon. Gentleman is talking about. We started by talking about excessive bonuses in one very large investment bank, and he has now extended that to the whole of the financial services sector. Of course that sector is valuable. Of course the jobs and the tax revenue are valuable, but that is not what he was talking about in his ideological dispute with his deputy leader.

Let me return to the right hon. Gentleman's central message that the Government should abandon, or substantially modify, their fiscal strategy. I shared a platform last week at the London School of Economics with Angel Gurría of the OECD. He was asked what the Government should do. He had a simple message, which was that we should "stick with it". He is not some pro-coalition politician or right-wing ideologue; he is the head of an organisation representing 25 Governments. Opposition Members should ask themselves—the shadow Chancellor was asked this but he neatly evaded the question—why all the major international institutions, including the International Monetary Fund, the European Commission and the G20, support the strategy that we have adopted. The reason is that they are all painfully aware that we are in an economically dangerous world in which crises of sovereign debt are not very far away.

Ian Murray (Edinburgh South) (Lab): The Business Secretary is going through a list of international organisations that evidently support his plan. However, as a result of the plan, the UK will have the smallest public sector in the G7 by 2015—smaller even than that

[Ian Murray]

of America. Does not that tell the right hon. Gentleman, who was on our side of the argument before the election, that this is an ideological attack on public services in this country?

Vince Cable: I cannot see how it can be ideological to have a public sector that, by the end of this Parliament, will have a share of GDP comparable to what it was when the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) became Prime Minister. Whatever criticisms the Opposition might want to make, ideology has absolutely nothing to do with this.

The comments of the international organisations are reflected in those of the business community. The former head of the CBI has often been quoted on this, because he was critical of the Government. He had some strong criticisms, which we have taken to heart. However, it is worth remembering how he started the speech that is now so frequently quoted. He said:

"This coalition Government has been single-minded—some might even say ruthless—in its approach to spending cuts...That policy is strongly supported by business, on the grounds that sound public finances are an essential foundation for a sound economy."

I want to deal more specifically with the suggestion that we are cutting too much too soon. The shadow Chancellor has quoted me on this, and he is quite right. I said on "Newsnight", and I will continue to say, that there is a serious economic debate that we must constantly have on striking the right balance between not choking off recovery and not risking a financial crisis. That is the calculation that we are having to make. Our approach has been vindicated by the evidence, and the evidence is the response of the financial markets. The bond yields, which are important not just as an indicator but because they set the cost of capital for business and investment, are 3.5% for 10-year bonds, which is close to the rates in France, Germany, the Netherlands and Sweden, compared with 5.2% in Spain, 7.5% in Portugal, 9% in Ireland and 12% in Greece. That is a fair comparison with what they were a year ago when the Labour party was in power. Since then, the differential has widened by 1.5% in respect of Spain, 3.5% for Portugal and 5% for Greece and Ireland. In real terms, the cost of capital—long-term capital in this country—is now zero. The reason why that matters was summarised many years ago by John Maynard Keynes. Labour Members may revere his memory, as do some of us. During the crisis of the 1930s, Keynes wrote to Roosevelt:

"The turn of the tide in Great Britain is largely attributable to the reduction in the long-term rate of interest."

That is the basis on which we have to take account of interest rates.

Mr Umunna: Of course Keynes also said that if the facts changed, he changed his mind. Does the Business Secretary agree with the Energy Secretary who said that the Government should not be "lashed to the mast" of their economic policy? On 29 November, the Chancellor said that he would stick to his fiscal mandate to allow the Monetary Policy Committee maximum flexibility to loosen monetary policy. If inflation remains as per the central prediction at the moment, I see no real prospect of the MPC being able to loosen monetary policy further. That means that if growth is sluggish, the Government will surely have to look to a contingency plan. That seems to be what the Energy Secretary was suggesting. Does the right hon. Gentleman agree?

Vince Cable: I am not sure that what Keynes said was a matter of changing his mind in response to a change in fact. He was stating one of the basic principles of Keynesian economics—that the cost of capital has to be kept low.

Mr Pat McFadden (Wolverhampton South East) (Lab): The Secretary of State said that the evidence had borne out his decision to change his mind on the scale and pace of deficit reduction, but what evidence does he need? Since he made that decision, the unemployment forecasts have risen, the inflation forecasts have risen, the growth forecasts have fallen, the debt repayment forecasts have risen, and as for bond yields he has no evidence that at the time of the election they were causing any problem for the UK's financing of its debt under the last Government. What evidence is there to suggest that he was right to change his mind?

Vince Cable: I do not know when the right hon. Gentleman last opened a financial newspaper. If he had done so recently, he would know that all the countries on the periphery of Europe that have been hit by the rising cost of capital are in very acute financial crisis, which we have avoided. We have German interest rates, and at the same time we are carrying a deficit on the scale of the most debt-ridden economies such as Ireland and Portugal.

Mr Geoffrey Robinson (Coventry North West) (Lab): One thing the Opposition can claim is that there was stability in the bond market, which we have been able to continue this year in order to borrow at reasonable rates. As the Business Secretary knows, directly and indirectly, although we have long-term rates in the bond markets, the main problem is that if small companies can borrow at all—very few of the small and medium sector singled out by the Chancellor and the Government as the key area of expansion are able to do so—it is only at exorbitant rates. What are the Government going to do about it?

Vince Cable: In the earlier part of his comments, the hon. Gentleman was right to acknowledge how important interest rates are. He is also right to say that because of the badly damaged banking system, small companies have an extreme problem with lending. That is why the Chancellor and I have been dealing with the banks to try to get them to reach an agreement, which they now have, to extend considerably the amount of lending to small and medium-sized enterprises. That was one of the earliest decisions we had to make—to focus on access to capital.

While we are dealing with the issue of what has to be cut, I would like to ask the Opposition what they would do. The right hon. Member for Wolverhampton South East (Mr McFadden) wants us to run a bigger deficit. What would the Opposition cut? It is a question I often pose to my opposite numbers in the BIS team. They had planned a 25% cut in departmental spending, which is what I am doing. We are cutting a lot of things—very

painfully—so I ask the Opposition what they would do, but we have not yet had a single suggestion about what they would do instead.

Government Members often raise that sort of question, but it is becoming obvious that the natives opposite are also getting restless. I noticed that the right hon. Member for Salford and Eccles (Hazel Blears)recently said that the Labour party needs to be

"explicit about cuts... The public expects us to at least give a broad direction—but I think they are worried that we haven't been as clear as we ought to be".

Another senior Labour Member of Parliament—who, perhaps wisely, remained anonymous—told the *Financial Times*:

"It can't be that hard for us to say what we would cut, or at least give a few examples, for goodness' sake."

[Interruption.] Beneath the shouting, those are the questions that Labour Members are asking themselves, and they are absolutely right to do so.

Jesse Norman: On the question of evidence, is my right hon. Friend aware that institutions as wide ranging as the Institute for Fiscal Studies and the Bank of England have calculated independently that we would be borrowing between £7 billion and £10 billion more if interest rates had been allowed to stay at the same level, without the fiscal austerity programme that was introduced by the Chancellor?

Vince Cable: Yes, indeed. There is clearly a close link between the level of the budget deficit and interest rates, both long-term interest rates in the markets and short-term interest rates set by the Bank of England. That is why maintaining a monetary policy that is supportive of growth—which is what we are doing—requires fiscal discipline.

Let me now deal with how we can achieve sustainable, balanced growth, and what "sustainable, balanced growth" actually means.

Steve Rotheram (Liverpool, Walton) (Lab): It has taken the Secretary of State 20 minutes to reach this stage.

Vince Cable: I have been dealing with a great many interventions from members of the hon. Gentleman's party. I am always happy to do that.

I must begin by acknowledging that the task is a massive one, although there are some encouraging signs. Manufacturing is growing at its fastest pace for 16 years, the car industry is growing by 12% a year, and we are seeing a real-terms growth of 5.5% in exports. However, when it comes to rebalancing the economy, I do not pretend that we are anywhere other than at the beginning of a very long march. It is a long march because we inherited a structure that was horribly unbalanced and unsustainable.

Let me remind Opposition Members of some of the things that we inherited, quite apart from the deficit. There was a hollowed-out manufacturing sector that, under the last decade of Labour government, declined by more than the manufacturing sector in any other western country, from 21% to 12% of GDP. Exports were growing at half the rate of growth of world trade. As we were reminded by the shadow Chancellor himself, household debt was running at 170% of GDP, a higher rate than in any country in the world as far as our statistics can establish. We had a property bubble that was more extreme than that in the United States, and banks were encouraged to grow until their balance sheets amounted to more than 400% of the British economy. We had grotesquely distorted pay structures and lending behaviour, and a financial vulnerability of Irish and Icelandic proportions.

Joan Walley (Stoke-on-Trent North) (Lab): The Secretary of State has talked of sustainable economic growth. How does that square with the Government's claim to be the greenest Government ever? Given that the Office for Budget Responsibility has been set up so as not to take account of green considerations, is there not a real risk that if the green investment bank is not a proper functioning bank from day one, it will not be able to lever in investment that could otherwise have contributed to the growth recovery that we need?

Vince Cable: The claim to be the greenest Government ever has been vindicated in significant part by some of the key announcements in the Budget—of, for instance, the establishment of the carbon floor price, which is the first effective carbon tax system in the world, and the green investment bank, to which the hon. Lady referred. It has been made clear for the first time that it will be a proper bank—a borrowing bank—although, as a public sector institution, it will have to reflect the position of the public finances.

Angela Smith: The carbon floor price, which the Secretary of State has just mentioned, could threaten the international competitiveness of key intensive energy users such as the steel, glass, paper and ceramics industries. How will the right hon. Gentleman ensure that growth does not suffer as a result of the policy?

Vince Cable: The hon. Lady makes a valid point. I have already spoken to representatives of the steel industry about precisely that issue.

The Budget referred to the climate change agreements and to more extensive relief. Energy-intensive industries are an issue, but any Government who are serious about carbon reduction will have to deal with such industries in a balanced way.

Graham Jones (Hyndburn) (Lab): Does the right hon. Gentleman agree that exports are being driven by the decision to stay out of the euro and the low value of the pound?

Vince Cable: The low value of the pound has certainly been very helpful, and that is supported by low interest rates. That is indeed a supporting factor for exports. It is not just a question of exchange rates. That is why I introduced the trade White Paper a few weeks ago. We are extending export credit support for small-scale business. The current export boom must be sustained, and it definitely was not sustained under the last Labour Government.

When we consider the catalogue of ways in which the economy became unbalanced under the Labour Government, it becomes clear that there was not just a

[Vince Cable]

problem of deficit denial, but there was manufacturing denial, trade denial, debt denial and banking denial. There was denial of many of the fundamental weaknesses that emerged in the economy. We are picking up the pieces and trying to create the conditions for sustainable growth.

Ben Gummer: Would my right hon. Friend add job denial to his list because, as under every single Labour Government, when the last Administration left office unemployment was higher than when they came into office?

Vince Cable: That is right, and I am sure that if we reflected a little we could add further to the list.

Let me talk about employment.

Ian Murray *rose—*

Vince Cable: Let me press on a little first, and then I will take an intervention.

In future, growth and jobs will come from the private sector, and in particular from small-scale business. Taken in conjunction with the trade White Paper to which I have referred, the Budget's commitment to lower and stable corporation tax gives the strong signal that we are open for business and we warmly welcome inward investors. Growth and jobs also depend on small companies, which provided a giant proportion of the 300,000 additional jobs created in the private sector in the past six months, and they will be helped by the Budget's extension of small company business rate relief and cuts in small company corporation tax.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): On inward investment, this Administration's " The Plan for Growth" states

"the Government will provide a bespoke service to key inward investors, giving them direct access to UK ministers and speedy resolution of bureaucratic obstacles to investment".

Does the right hon. Gentleman not think that that could leave the Government open to rather difficult situations with foreign investors, and how does he think British businessmen will feel when they see inward investors getting priority access to Ministers that they do not enjoy?

Vince Cable: I would have thought that Opposition Members who want the economy to flourish and new jobs in their constituencies welcomed the fact that I and other Ministers spend a lot of our time talking to potential inward investors. That is good not only for them but for the British companies that then become part of their supply chain and whose confidence is reinforced.

Especially for small businesses, growth requires the Government not to put unnecessary obstacles in the way. When we searched the archives, we discovered that we had inherited a stock of 21,800 regulations and that the last Government were responsible for roughly 10,000 of them. Rather sad people like me who have spent some of the best years of our political lives in Statutory Instrument Committees will have seen all of that happening.

We have taken action to stop the gold-plating of EU regulations, to ensure that every new regulation is matched by the value of an "out", and to mandate sunset clauses. We have launched a reform of the expensive and time-consuming tribunal system, and we have injected common sense into Health and Safety Executive inspections. The Budget confirmed the statement I made last week that there will be a three-year moratorium on new regulation affecting micro-businesses with fewer than 10 employees.

John Mann: You should be ashamed of yourself.

Vince Cable: Not at all; we should be proud of lifting regulation from small companies that generate employment, which every Member should be concerned about.

John Mann: Will the right hon. Gentleman give way?

Vince Cable: No, I have taken a lot of interventions, and the hon. Gentleman has already made his intervention from a sedentary position.

The role of government is not only to get out of the way when they are blocking growth, but to intervene when there is a genuine market failure. Training is one such area, and we are seeking to alleviate the problem by supporting apprenticeships. When we came into office, 150,000 apprenticeships were planned for 2010-11 to be part-funded by government. We have increased that number, even in an environment of cuts, by 75,000 over the spending review period and in this Budget we have added another 50,000. The problems of training are massive. Let us remind ourselves that we inherited a system in which 14% of the adult population have poor literacy skills—we are talking about the reading age of a 12-year-old—and 19% have grossly inadequate mathematical skills. That is the base from which we start. *[Interruption.]* A lot of people, both in this House and outside it, would take this issue of innumeracy among the public much more seriously than the Labour Front-Bench team.

In the Budget, the Government have also invested further in science, particularly in research infrastructure. Through a combination of policies—the protection of the ring-fencing of the science budget; the legislative action to protect scientists and others from libel action; and the launching of the technology and innovation centre and advanced manufacturing—we have made a very firm declaration of support for the science community and the commercial application of science.

Joan Walley: Before the Secretary of State leaves the issue of apprenticeships, will he tell the House whether the new money for apprenticeships will be dependent on employers coming forward? In my constituency, in the city of Stoke-on-Trent, employers have not come forward in the way we need them to do, so there is a real danger that the new apprenticeships will go to other areas of the country, where they are not needed so badly.

Vince Cable: It is new money and of course this has to be employer-led; otherwise, there would be no job to follow the apprenticeship. That is why it has got to come from the private sector and why this is the best way of investing in training.

In my concluding comments, I wish to move on to the issue of fairness. It is a legitimate challenge to any Budget to ask about its distributional impact.

Mr Don Foster (Bath) (LD): I confess that I am about to be disappointed here. In 46 minutes, we heard hardly any news from the shadow Chancellor about what a Labour Government would do. My right hon. Friend is about to disappoint me by not even mentioning some of the other fantastic things he has done for businesses, such as the research and development tax credit, the entrepreneurs' relief, the increased bank lending, the developments in the enterprise investment scheme and so on. Why is he not referring to these many other good things?

Vince Cable: I probably was going to disappoint my right hon. Friend, because the Chancellor covered those issues very well yesterday. However, there is a lot more where that came from.

John Mann *rose—*

Vince Cable: I am not going to take any more interventions.

I return to the issue of fairness. When we first came into office, the major attack from the Opposition was that we were going to hit the poorest hardest. When it became clear that we were producing policies to protect the state pension, increase child tax credits, give preferential treatment to low-paid workers in the public sector and lift low-paid workers out of tax, attention shifted to the so-called "squeezed middle", which has been variously defined to encompass 90% of the population.

The truth of the situation is that as a result of the financial crash and the recession that followed, Britain is a significantly poorer country than we were several years ago, so living standards have been squeezed. As the Governor of the Bank of England said,

"the real consequences of this crisis are only now beginning to be felt."

What we have done in the Budget is take concrete action on fuel duty and on lifting the thresholds at which low earners pay tax. I shall dwell on that point a little—

Nick Smith (Blaenau Gwent) (Lab) *rose—*

Vince Cable: Let me finish this point. One genuine philosophical difference we have with the Opposition is on how best to help those on low and modest pay. The Opposition believe in using targeted means-tested benefits. By contrast, we believe that the best way of doing this is by lifting low earners out of tax—880,000 on 1 April and 260,000 more next year. In this way, we not only lift them out of tax but reinforce the incentive to work and to save alongside the welfare reforms. Other taxpayers received £200 in cash last year and will get £126 more next year. We believe that in tough times, we should let taxpayers—especially the low-paid—keep more of their own money, rather than taking it off them and giving some back through complex means-tested benefits.

The test of the Budget will not be the response of the political world or this debate. It will be the response of the business community, which has to invest for recovery. It is worth reviewing what the business community has said about the Budget as it has often been critical of Budgets in the past. The British Chamber of Commerce said:

"Despite tight fiscal conditions we are encouraged that the Chancellor has prioritised business growth and private sector expansion alongside deficit reduction".

The Engineering Employers Federation—the manufacturers—commented:

"The Growth Review has now started to deliver tangible progress in removing the barriers to growth investment and job creation in the UK".

And the CBI concluded:

"This budget will help businesses grow and create jobs".

The Government recognise that the road back to balanced, sustainable recovery will be painful and difficult, but we are on the right track. As the head of the OECD put it, we must "stick with it".

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I remind hon. Members that there is now an eight-minute limit on all Back-Bench speeches and 30 or more Members wish to participate, so will each Member bear in mind that they have a colleague who might also like to make a contribution? It is not compulsory to use the full eight minutes; you could always leave time for somebody else.

3.2 pm

Mr Geoffrey Robinson (Coventry North West) (Lab): I am very pleased to follow the Secretary of State for Business, Innovation and Skills, but, unfortunately, by the end of his speech he still had not told us a single practical thing from the strategy for encouraging growth. Despite all the pages in "The Plan for Growth", the Office for Budget Responsibility stated yesterday that it found nothing that it could measure as contributing to an improvement in the UK's growth prospects. He goes on about low interest rates, but I wonder whether he has tried to borrow, or knows of any small company that has had to borrow, in the current difficult market and has been able to do so at the low or zero interest rates to which he referred. That is absolute nonsense. It is divorced from the real world and he knows it.

The Business Secretary knows that when we were both in different places in the Chamber he used to say that we had either to establish a national bank or its equivalent or to make the banks lend. He has come up with no solution to the problem and the fact remains that the single biggest inhibitor to growth in the vital sector of small and medium-sized enterprises still remains, and that is their inability to access credit. How can they grow in a difficult situation when markets are flat without access to credit? That is the question he has not answered and until he has answered it, he has no credibility as a Business Secretary. We need definite plans for doing that at some stage.

Rory Stewart: Will the hon. Gentleman give way?

Mr Robinson: I shall in a moment.

It is no good the Business Secretary asking us for our plans. He now has responsibility, he chose to take it and he chose, also, to go into this coalition, having been convinced by a concerted effort by the Governor of the

[Mr Robinson]

Bank of England and others that the Liberal Democrats were wrong before the election—that within one week of the election campaign, everything had been turned on its head and we faced an imminent crisis, the outcome of which was that we would face interest rate rises and an inability to borrow nationally, along the lines of the situation faced by Greece and Portugal. He knows that he did not even meet the Governor for a working over, because his leader, the Deputy Prime Minister, had already been worked over. Nobody else on the Government side needed to be worked over—the Governor had worked them over before and during the election campaign. The implicit deal was, "Go along with this huge deflationary package, and I will keep monetary policy so loose that you don't need to worry—you'll still get growth." I believe that that is the sort of Faustian deal to which the Business Secretary referred in his reply to the Budget debate last year.

What have we seen since? Interest rates are still low and policy has been loose. No doubt it might even continue to be loose for a period of time, but I am sure that interest rates will go up in the near future. Irrespective of that, there is still no credit for the SMEs from which, as Sir Richard Lambert pointed out, the vast majority of jobs must come if the commercial and business sector—the private sector—is to recover. However, there is still no prospect of their being able to borrow. Why does the Business Secretary say, therefore, that there is no alternative because the OECD says so? The OECD is as wrong as everyone else. We heard last night from Robert Chote that all those forecasts are a "load of rubbish". One cannot always be right about such things; nobody ever is. One might ask what the point of them is. Certainly, to invoke the OECD, which can be as wrong as anyone else, and say, "It says that we have to go on with this strategy, so therefore we will," in the face of all the mounting evidence that the strategy is not working is perverse and not worthy of the intellectual distinction that the Business Secretary is capable of bringing to these problems.

The only thing that could be said in favour of the Government's policies is that they have not had enough time yet—not quite a year—to have worked, but it is obvious that they are not working.

Jacob Rees-Mogg: Will the hon. Gentleman give way?

Mr Robinson: I shall in a moment, but the hon. Member for Penrith and The Border (Rory Stewart) is first.

The figures for every crucial forecast area of activity are pointing in the wrong direction. Unemployment is up, growth is down, inflation is up, bizarrely, and Government borrowing is up—the very thing they are meant to be getting down—as measured against the OBR forecasts. Those are the only measures we can use to judge whether their policies are working. We can look at the past and it is clear that they are not, but to see whether they are working, we have to look at the forecasts. The Government's whole policy is predicated on such forecasts, but look at the figures now—down, down, down! Every single indicator is going the wrong way, but they still say that we have to press on with their programme—plan A or whatever it is. I think I heard the Business Secretary say, in response to an intervention from an Opposition Member, that some flexibility is built into the Government's plan A. I do not know whether he will elaborate on that or whether I misheard—we will see in tomorrow's *Hansard* whether I did. I did not raise the issue at the time because I was not sure whether I had heard right—I could not believe it. If there is some flexibility, the sooner it is acknowledged, built in and practised the better.

Rory Stewart: Clearly, it is very difficult to get banks lending to small and medium-sized enterprises and to balance the need for that against the problems caused by credit in the first place. What solutions does the hon. Gentleman propose?

Mr Robinson: I do think it is pathetic when the only answer that the Government, who are charged with handling the nation's affairs, can come up with is, "What are the Opposition going to do?" If the Government want to vacate those Benches, my right hon. Friend the shadow Chancellor is not slow in coming forward and would be over there on the Government Front Bench faster than anyone. We have instead a Business Secretary who preached about these matters very eloquently when he was in opposition and said that he would be practical, but he has done nothing.

What do we have now that the current Government are in office? We have inflation going up to 4.4% or perhaps even 5% and the deficit reduction that was to come from growth being hindered because growth and the forecasts are all down. Each forecast, whether for borrowing, inflation, unemployment or growth, is heading in the wrong direction. Those are the facts. All indicators, whether for last year, this year, next year or even the year after that, are headed in the wrong direction. Perhaps the Government should fix the electoral cycle to have 10-year terms and then some latter-day outcome might eventually catch up with what they forecast at the beginning. It should be clear to anyone looking objectively at the evidence that the Government's plan is not working, that it needs to be changed and that there are alternatives that could be pursued.

If we are talking about getting growth in the economy—the right sort of growth—I agree entirely that we need business employment and development in the private sector. Let us consider HS2—the stupid vanity project that I am sure the Business Secretary would have opposed when in opposition. It is being proceeded with despite the eventual cost of some £32 billion. I cannot believe that the Treasury is going along with it, but I am told that the Chancellor is, bizarrely, in favour of it. Why do we not switch from that to the simple plan that was set out in Atkins' alternatives—I think it was alternative 2—for an investment that could be proceeded with immediately, that would give us what is most needed right away and that would help Coventry: four-tracking the line between Coventry and Birmingham? That could have been given the go ahead this year, had effect next year and made a direct contribution.

Why cannot we get the schools programme back on track? Make it quicker, make it simpler—we would accept all the criticisms if that would make it easier for the Business Secretary to go ahead with it. In Coventry, we have not had a single school built—not one! One

school in my constituency has been propped up by scaffolding for the past three years. I was on the shadow Chancellor's back all the time about that when he was the Education Secretary, asking, "Why can't we get it done quicker? Why can't we do it?" I was told that procedures had to be gone through and all the rest of it. The Government should speed it up and get on with it, but they should not cut it and stop those projects as they are doing at the moment. I still believe that they should go ahead with some of the other important projects that we could do, particularly in transport, and that they should go ahead with building projects.

To take the example of building projects and the construction industry, I read a couple of days ago in the *Financial Times* that orders in the industry over the past six months are down 50% on the previous six months. Much of that would be good, constructive infrastructure investment of the kind we are want to see, creating employment and skills and making a real contribution to long-term growth in the private sector, and yet we have cut it by 50% in six months. That cannot make sense, and in the meantime unemployment, borrowing and inflation are going up—all the wrong indicators.

In my remaining minute I will focus on Coventry. I heard today that we have lost another 400 jobs in an insurance company there. Since the Government came in, around 2,500 jobs have gone in Coventry. If the Business Secretary is open to meeting companies inwardly investing in this country, which he says he is, will he come to Coventry to see the investment problems we have? We have nothing to take back to those people who have lost their jobs. I say to him that he should have the confidence and courage of his convictions and stand up to the Treasury and his so-called coalition partners, because things are going to get worse, and he faces returning here with his whimpering excuses to his own increasing embarrassment.

3.11 pm

Mr Sam Gyimah (East Surrey) (Con): I have sat here today with a sense of déjà vu, first because I sat here yesterday for a number of hours and did not make it into the debate—as it wore on today I felt that the same thing was going to happen—and secondly because of the arguments from the Opposition, especially those put forward by the right hon. Member for Morley and Outwood (Ed Balls). If we were to listen to him and completely ignore the fact that we had a general election in which they lost and we won and formed a coalition Government—*[Interruption.]* The British people clearly did not believe that Labour's stewardship of the economy had been exemplary, which is why they were kicked out of office. That is why in places such as Erewash, a seat that Labour won in 1997, we had a 10% swing back to the Conservatives. Let us not allow Labour to pretend that their stewardship of the economy was somehow exemplary. Until they learn to accept, in front of the British public, that they made mistakes, they do not have the credibility to be part of the economic argument. Let us not allow the right hon. Gentleman to rewrite history.

I will take up the gauntlet laid down by the right hon. Member for Bath (Mr Foster). Rather than allowing Labour to push us into debating the fiscal plan that we set out last year and the implications for growth and interest rates now, let us talk about some of the excellent measures that are in "The Plan for Growth", because Government Members owe it to the British people to explain them rather than letting the Opposition muddy the water on what happened in 2008-09, when they clearly mismanaged the economy and were kicked out of office.

Mr Mark Field: My hon. Friend is absolutely right. "The Plan for Growth", particularly in relation to the smallest start-up businesses and the idea of exempting them from much of new regulation and legislation or putting a moratorium on it, is a very positive way forward. I hope he will explore that a little further.

Mr Gyimah: I agree with my hon. Friend entirely. One of the great things about "The Plan for Growth" is that the Chancellor did not try to say that there is a silver bullet for creating growth in the economy, or that we can pick winners. No bureaucracy or Government can really pick winners to generate economic growth. I am reminded of a story—perhaps apocryphal, but certainly instructive—about McKinsey, the strategy consultancy firm, which produced an economic outlook for the 2000s that completely omitted the internet when identifying the key drivers of economic growth. Today the internet is a massive sector worth, I think, £100 billion and employing thousands of people. It is right that we have not tried to pick winners.

Looking at what the Chancellor has done, I note that it is we, rather than Opposition Members, who recognise that growth will come from the private sector, not from a state-led programme. That is why I agree with the four objectives that he laid out: to be competitive on taxes; to be one of the best places to start, finance and grow a business; to encourage investment in exports as a route to a more balanced economy; and to create a more educated work force.

I will focus on just one of those areas—starting, financing and growing small businesses—partly because I have an interest in it because my constituency is full of small businesses. Nationally, however, there are 4.8 million small and medium-sized enterprises, and they are responsible for 50% of private sector output and 60% of jobs. If we really want to create the growth that drives jobs, we should surely look to do so from the private sector.

Research by the National Endowment for Science, Technology and the Arts points out that 6% of the fastest-growing companies create 50% of the jobs, not just in the south-east, but throughout all regions and sectors. In other words, the start-up, survival and eventual success of small companies is vital for public policy and for creating growth.

The hon. Member for Coventry North West (Mr Robinson) mentioned bank lending, but fast-growing companies' revenues are often volatile and their cash flows can be unpredictable. Banks do not want to lend to them, so we need to be able to create an environment for equity lending. One thing we know in the UK is that, if people want to raise amounts below £2 million, they find it incredibly difficult to do so. Such risk capital, however, encourages businesses to take a risk—to take on the new plant, to hire new staff—so it is great that there are so many changes to the enterprise investment scheme in "The Plan for Growth".

[Mr Gyimah]

Increasing relief to 30% means that someone who is going to invest in a business knows that they can offset 30% of their investment against tax. It will encourage people to take sensible risks and invest in those companies that will drive growth. Raising the relevant annual limit to £1 million and to £10 million per company means that companies can seek capital from high net-worth and private individuals, not just from institutions. Anybody who is involved in small businesses knows that people often rely on friends and family to support their business in its early stages, so it is good to see the Government backing those who are ready and willing to take such risks.

Raising the limit on qualifying companies to 250 employees means that the measure will apply not just to start-up companies, where the failure rate can be quite high, but to well-established companies that need capital to grow. I would like to see what more the Government can do to allow connected persons to enjoy such tax reliefs, because connected persons—directors—cannot enjoy them at the moment, and that is where businesses get much of the expertise that they need. By making investment in small businesses easier, the Budget recognises and encourages people who are willing to take risks.

Mr Andrew Love (Edmonton) (Lab/Co-op): I am listening very carefully to the hon. Gentleman. Does he agree that the real problem for small businesses is not in formation, as a number of them will inevitably die after a few years, but in taking a small business and making it into a larger business? I take his point about venture capital trusts, business angels and all the other mechanisms, but the only way in which we can achieve such growth is through bank lending. That is the real source of capital for small businesses, so how do we improve bank lending?

Mr Gyimah: I take the hon. Gentleman's point and thank him very much for it. Anybody who has ever tried to start a business knows that banks do not lend to businesses with unpredictable revenues or cash flows. One has to raise equity to support small businesses, and the Budget includes a raft of measures to encourage individuals and institutions to invest in them. Entrepreneurs do not always mind whether it is a bank or an individual who is willing to invest in their business either in the early stages or when they need new plant; what they want is the money to grow their business and to hire new staff. That is how they look at it, and there are many appropriate measures in the Budget to address that.

The Budget also seeks, through the entrepreneurs' relief and raising the cap on capital gains from £5 million to £10 million, to reward people who mortgage their home, take a low salary and start a business. That will not make the newspaper headlines, but in competitive terms it makes the UK a centre for investment. I have spoken to several people in the venture capital industry who say that they will now be thinking of coming to the UK to look for small business assets to invest in. It also means that an entrepreneur who lives in another country will come to the UK to set up a business such as Skype because he is more likely to attract investment—and yes, they might be from abroad, but they will employ UK residents. That is what is great about this Budget. Unless we understand that the engine of growth is enterprise—that it is individuals and their efforts who will drive growth—we will be barking up the wrong tree as we discuss this Budget.

In addition, we have measures such as the research and development tax credits; I cannot go through them all in the short time that I have available. It is good that small businesses that invest a lot in R and D can get some of that back in the form of a tax break. I am reminded of a husband and wife who came to my surgery. They had set up a business, having developed equipment to treat club foot, and needed R and D tax credits, but they had to move to Cornwall to do so. I hope that the tax relief that we are providing will not only be regionally based but that people will be able to access it wherever they are in the country.

Last week, Opposition Members came up with their growth plan—the right hon. Member for Morley and Outwood reiterated it today—which would levy the bank tax again and spend it on a series of Government programmes. What I like about this Budget is that it does not seek a Keynesian stimulus—we cannot have that because we have maxed out the credit card—but backs enterprise. It relies on the endeavour, the ingenuity and the efforts of the British people to get our country back on its feet again, in contrast to what the Opposition did, which was to get the country into a mess.

3.22 pm

Chris Williamson (Derby North) (Lab): In listening to the debate today, and certainly yesterday, I was interested to note that George Orwell's Ministry of Truth is still alive and well and speaking through the Chancellor of the Exchequer. His relentless Newspeak mantra that we are all in it together just will not wash. When we consider that poverty is increasing, unemployment is going up, and the Government Benches are stuffed full of millionaires and people who are doing extremely well for themselves, it is complete and utter nonsense to suggest that we are all in it together.

It is not only wrong to suggest that for those reasons, but because the cuts are very unevenly spread, and depending on which part of the country someone happens to be from, a different level of cuts are being imposed. They are far greater in the more deprived parts than in the more affluent parts. The reality is that the poorest people in Britain will bear the biggest burden of the cuts imposed by this Administration.

According to a new report by the Institute for Fiscal Studies, the British people are suffering the biggest drop in their living standards for 30 years. It is no coincidence that 30 years ago another Tory Government presided over the last drop in living standards. The Business Secretary said today that he was happy to have the worst public services in the G7 countries by 2014-15. What an admission from a member of a party that used to claim to be a progressive party that stood up for ordinary working people! Clearly, that is a long way in the past.

Mr Mark Field: The hon. Gentleman makes great play of the idea of reduced living standards. That is not a phenomenon that has arisen only over the past nine months. Indeed, it was when the credit and debt bubble was built up for many years during the last Labour

Administration that living standards for ordinary people began to be undermined. As for saying that we are all in this together, that is the very reason that the Chancellor has bravely decided, although it does not make a lot of economic sense, to keep the highest rate of tax at 50%. I fear, however, that he is doing grave damage in ensuring that some people who should be developing businesses here are leaving these shores, which is not in anyone's interests, rich or poor.

Chris Williamson: There is nothing brave about what the Chancellor is doing. In fact, he is behaving like a bully; he is picking on the poorest and weakest members of our community. As I have said, the poorest in our society will bear the biggest burden of these cuts. If Labour had won the last general election, the measures that we would have put in place would have ensured that the poorest people in our country did not bear the biggest burden. That is an absolute fact, as was made clear by my right hon. Friend the Member for Morley and Outwood (Ed Balls) in his speech.

The Chancellor claims that this is a Budget for growth, he says that he wants a private sector-led recovery, and he argues that his catastrophic cuts are necessary. However, this Budget will not deliver the growth that the country needs, it will not precipitate a private sector-led recovery, and it will not create the jobs that the country desperately needs. While other countries are seeing their economies grow, the UK's growth forecasts have once again been revised down—for the third time in 10 months. That is dreadful.

Gordon Banks (Ochil and South Perthshire) (Lab): Does my hon. Friend agree that the Government and the Government parties seem to lack an understanding of the interdependence between the public and private sectors? Without a strong public sector and a strong private sector, this country will go nowhere.

Chris Williamson: That is a point that I will come to later in my speech.

The Chancellor is presiding over the highest and longest squeeze on public spending since world war two. My fear is that the Budget and the unprecedented cuts being pursued by the Government will impede economic recovery. As my hon. Friend said, the Chancellor refuses to accept that there is an umbilical link between the public and private sectors. Taking an axe to one causes catastrophic bleeding in the other. Last year's PricewaterhouseCoopers report highlighted that connection admirably in pointing out that the half a million job losses in the public sector will be replicated in the private sector.

Martin Horwood (Cheltenham) (LD): Will the hon. Gentleman give way?

Chris Williamson: No, I will not give way any more.

This Budget does little or nothing to ameliorate the public service cuts. The cuts to local council budgets in particular are vindictive, gratuitous and counter-productive. The Department for Communities and Local Government budget is set to experience a whopping real-terms reduction of 67.8% over the next four years.

The Chancellor needs to create demand in the economy. My hon. Friend the Member for Coventry North West (Mr Robinson) referred to the importance of the construction industry. Every pound invested in construction generates £2.84 in total economic activity, and 92p of every pound spent on construction is retained in the UK. Every pound invested by the public sector yields a return of 56p to the Exchequer, making it a net investment of just 44p. In spite of those facts, house building is at an all-time low, Building Schools for the Future was scrapped and housing targets have been abolished. The £250 million announced in yesterday's Budget to support first-time buyers is not enough.

The proposed changes to the planning system, which as the Chancellor said will introduce a presumption in favour of sustainable development, contradict the proposals in the Government's Localism Bill. What is going on? On the DCLG website, the Minister of State, the right hon. Member for Tunbridge Wells (Greg Clark), who has responsibility for decentralisation, is quoted as saying that the Localism Bill

"will enact new rights allowing local people to shape and influence the places where they live, revolutionising the planning process by passing power down to those who know best about their neighbourhoods."

A Budget briefing from the UK Contractors Group states that

"it has been much harder to obtain definite information on investment intentions from a number of key public sector clients. Indeed, there appears to be some deliberate attempts to delay decisions and to obfuscate on forward plans. A prime example of this is the future of the school building programme. The Sebastian James review was originally scheduled to report to ministers before Christmas. In March, we are still waiting for the Department for Education to signal its intentions. Equally on energy supply, the industry stands ready to support the enormous amount of investment needed but to deliver this support effectively and efficiently we need a clear understanding of the future programme."

It goes on to say how the health reforms have caused further confusion.

I turn to the Chancellor's modest reduction in fuel duty. As other Members have said, it is more than offset by the imposition of the VAT rise. I have been lobbied heavily by small businesses and residents in my constituency, who say that the VAT rise on petrol is hurting and needs to be reversed. It is not acceptable for the Government to argue that they are prevented from doing so by the European Union—that simply will not wash.

The Economic Secretary to the Treasury (Justine Greening): Will the hon. Gentleman give way?

Chris Williamson: I will not give way any further, I am afraid.

The Chancellor should have done more to support manufacturing. The growth fund is inadequate—nowhere near as much as the regional development agencies were spending—business confidence is falling and the enterprise zones will not generate growth either. It is simply a case of rearranging the deckchairs. Let us not forget that it was the Tories who decimated manufacturing industries when they came to power in 1979. They also put all their eggs in the financial services basket, and that is why this country was overexposed when the financial bubble burst.

[Chris Williamson]

There are also problems with the Government's ambitions on welfare reform. A *Financial Times* survey of businesses showed that three quarters of them said that they could not absorb lost public sector jobs, and that 57% were not interested in doing so. What hope do long-term unemployed people have of being able to get employment, given the welfare reforms and the so-called private sector-led recovery, which is not happening? They will simply not be able to get employment, given the cuts that the Government are bringing about.

Further to that, an investigation by my local paper, the *Derby Telegraph*, has shown that unemployed workers are being discriminated against by the insurance industry, which is saying that landlords who let their properties to unemployed workers will not be able to obtain insurance. A lot more people will be facing that situation as a result of the cuts, with more and more people losing their jobs.

We are in an economic downward spiral, and we need a virtuous circle. We need public sector investment to create jobs and demand in the economy, which in turn would create more demand and then more jobs. Yesterday, the Chancellor claimed that his decisions had brought economic stability, but the reality is that they have created a toxic cocktail of falling growth, increasing poverty and rising unemployment.

The inconvenient truth for the Chancellor is that his decisions have left this country facing the spectre of stagflation. To add insult to injury, he is borrowing an extra £44.5 billion a year, and for what? It is to pay for unemployment and lower growth. It is clear that he has lost the plot, and that we need a plan B. He said that

"society should not just be judged by the strength of its economy alone, but also by the compassion of its people".—[*Official Report*, 23 March 2011; Vol. 525, c. 961.]

He certainly fails on the first point, and he is making the second very difficult. I am afraid that unless we get a plan B, this country is doomed to further decline.

3.33 pm

Mr Charles Kennedy (Ross, Skye and Lochaber) (LD): The hon. Member for Coventry North West (Mr Robinson) has had to leave the Chamber, but for reasons that I well appreciate he went to the heart of much of the economic debate since the general election, which has been about whether the pace and depth of the Government's public expenditure cutting strategy is too far and too fast, and what implications it will have for other indicators. I suspect that that debate will go on for the remainder of this Parliament and for many years into the future.

The hon. Gentleman knows that, as something of an unreconstructed Keynesian myself, I have every sympathy with his side of the argument and have expressed my view on many occasions over the past year about the rapidity and depth of the public expenditure constraint and cutting strategy. None the less, whether or not it is too far and too fast, reading into it quite what he did is too much, too soon. The Government set sail so firmly last year that they and their economic policy are tightly lashed to the mast this year and will remain so in the years ahead. Their consistency of purpose has shown that. The Budget should be seen in that context.

The coalition Government's economic fate will be sealed in the third to fourth year of the Parliament, when so many of the genuine longer-term implications of the strategy that is being pursued become clear. Despite the views that I have expressed in the Chamber and elsewhere in the past year, it must be acknowledged—I genuinely do so—that, within the severe self-constraints that the Government have imposed, there is much welcome ingenuity in the Budget.

I want to draw particular attention to the continuing pressure and policy direction on income tax personal allowances. I would like to underscore that, because the Liberal Democrats have been wedded to the principle and policy for many years. As a result of the proposals that the Chancellor outlined yesterday, in the financial year 2011-12, more than 1 million people will be lifted out of income tax altogether, and 25 million people will be better off. Women and part-time workers will be the primary beneficiaries of such a policy. I welcome that. Those figures have been verified today by our most authoritative independent source in this place—the House of Commons Library—in an excellent briefing note on the Budget, which has been circulated. It is important to place that on the record and demonstrate that, thanks to the Liberal Democrat input into the coalition Government, social conscience is continuing to be emphasised at the heart of Government policy.

I want to make two specific points from a constituency viewpoint. First, I welcome the fuel policy measures. Some 20 years ago, when Jim Wallace, a long-standing friend, was still a Member of the House, he and I embarked on a series of meetings and visits with the European Commission in Brussels. We were astounded to discover that a derogation was available to member states—it was a much smaller European Union in those days—on fuel policy. For the best part of those two decades, I and many others have hammered away at successive Governments, Conservative and Labour, to pursue such a policy, only to meet, every time, a brick wall. The Treasury hates that sort of thing, and I have no doubt that the Treasury institutionally continues to hate it and is not rubbing its hands with glee at the commitment that was given in the Budget. However, at last, the Government are applying for the scheme, which will be introduced for the most peripheral island communities as a means of lowering fuel prices. That is great.

Having argued for such a policy for nearly 20 years, it would be churlish not to welcome it. I simply make the point that the Government have to start somewhere, and self-defined island communities make sense. Equally, many more remote mainland communities have problems that are not essentially dissimilar, but for obvious reasons of definition, they cannot be included in the scheme. In my area, there are such communities around Lochalsh and Wester Ross. I hope that when the analysis of the scheme is examined, the impact on those areas will not be overlooked and that their continuing needs will be taken into account in the years ahead.

Secondly, the acceleration of the policy on the green investment bank through the Budget is welcome. An increase of £2 billion in the start-up funds that will be available to the bank was announced, and it continues to be a big priority for the Government. I say that because the Kishorn site in Wester Ross, a remote part of the western highlands, is a prime UK site to take

advantage of the potential in offshore renewable technology. I have raised that issue many times, and the Secretaries of State for Scotland and for Energy and Climate Change are taking a great interest, which I welcome. The impetus that the Government give to the green investment bank will be critical in that respect.

Other aspects of oil policy in the Budget are controversial, but I offer one reflection from my constituency in conclusion. A great concrete platform—a classic historical example—for the North sea was built at Kishorn. To this day it extracts oil, but it was a case of boom and bust. The opportunity from renewables would mean sustained employment in that community, and that technology harvests natural resources, which can continue, essentially, in perpetuity. It is important that the Government continue to emphasise that.

In welcoming those important developments in this week's Budget, and their potential impact on the economy, social fairness and areas such as mine, I hope that we can look forward to continuing resolve from the Government.

3.41 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): As Chair of the Select Committee on Business, Innovation and Skills, I wish to address my remarks to the so-called plan for growth. It is fair to say that I share with many people a sense of bafflement that the plan was published in the context of a Budget that shows that this year's projected growth rates are lower than last year's. That makes me wonder how a plan for growth works within the Government's overall policies. This is the first plan for growth that I have ever known to predict a drop in the growth rate.

The plan is conspicuously devoid of references to jobs. If we have a plan for growth, we should reasonably expect an element of job creation to be included. The private sector is supposed to be mopping up those cut from the public sector as a result of cuts in public spending, and we ought reasonably to be able to expect to see how the plan deals with that.

The problem is that the plan incorporates a series of micro-measures. I approve of some and would not object to others, but they are intended to deal with a macro-economic programme that fundamentally undermines their objectives. The statistics have been reeled out several times, but the most important one is that the Government, in trying to keep interest rates down, have a fiscal policy that includes VAT increases. Those push inflation up, therefore increasing the chances that interest rates will go up. That could fundamentally damage the potential for growth in our economic capacity.

I welcome some elements of the plan, not least because some, such as the export credit insurance measures, were recommended by my Committee. I have to hand it to the Government, because I pushed for those when I was a Government Member, but I did not make much progress. At least on the surface, those measures address some of the issues that the manufacturing industry raises. I do not know whether they will be successful, but they are a step in the right direction.

Similarly, the creation of a creative industry council addresses a gap in the recognition that the creative industries play in exports and employment. My churlish quibble might be that among the 32 or so industrial ambassadors who promote our industries abroad there is not a representative of the creative industries. Given the huge export market of our creative industries, and in the light of some of the issues involving IPT abroad in particular, I would ask the Government to consider that point in order to reinforce the measures they have already taken.

Many of the objectives and plans of other Departments cut across what the Department for Business, Innovation and Skills is trying to do. We are just recovering—I hope—from the damage that the visa issue has inflicted on our export potential and ability to attract bright research students and undergraduates into our universities. All the feedback that the Select Committee received during its recent visit to China demonstrated that in the country that will be the economic driver of the world economy over the next 30 years, that issue has given the impression that Britain is not open for business. It is too early to say whether the measures announced on Tuesday will address that problem, but the initial indications from universities are that they will go some way towards doing so. However, damage has been done that is fundamentally at odds with all the objectives incorporated in the plan.

Mr Binley: I am delighted that the hon. Gentleman has found space in his speech to make the point about visas. I had the good fortune, owing to the sad occurrence that happened to the Chairman of the Select Committee, to lead that delegation to China, and I want to impress on the House how many people in both the British and the Chinese business community made the same point. This is a really important issue, because they think that Britain is closed for business. We need to change that perception. Does he agree that the Home Secretary needs to do more to ensure that the message gets through loud and clear in China?

Mr Bailey: I thank the hon. Gentleman for that intervention. For personal reasons, I could not join the Committee's visit to China. However, he put those proposals to me forcefully, and I have spent the morning with the appropriate Ministers pressing that very point, because a lot of damage has been done. We need to rectify it if we are to realise any of the potential in the document.

On the localism agenda, noises were made in the Budget about improving planning for local businesses. Despite the fact, however, that the Localism Bill places planning priorities in the hands of local communities and neighbour planners, the local organisations set up by the Government—the local enterprise partnerships—have no defined role in that. I do not understand how we can have a legal process for devising planning programmes locally without incorporating the representatives of the local business community. There is enormous concern among the business community about the potential damage that that could cause.

Martin Horwood: Will the hon. Gentleman give way?

Mr Bailey: I am sorry but I am not taking any more interventions, because a lot of Members want to speak.

There are a number of measures that in themselves might be good, but which I do not think address the scale of the problem created by the Government's macro-

[Mr Bailey]

economic policy. First, research and development tax credits are very welcome. Business has been pushing for them, particularly in high-quality manufacturing, but at the end of the day they will affect only a few thousand businesses. They are very welcome but will not in themselves transform the economic landscape. Entrepreneur reliefs are also welcome, but they affect only a few hundred people. National insurance holidays for start-ups were announced some time ago, but so far only some 1,500 of the 400,000 that it was thought would apply have done so. The Government need to look at that again.

I have mixed feelings about enterprise zones. There will be one in my area, which I very much hope will work—I will certainly be working with the black country business community to ensure that it does. However, the reality is that enterprise zones are a recycled policy from the 1980s, which was not even very successful then. Indeed, those fears were expressed yesterday by the hon. Member for Chichester (Mr Tyrie), the Conservative Chair of the Treasury Committee. If the policy is to succeed, we have to prevent existing businesses from relocating just to pay less tax, while not necessarily employing more people. I am concerned that we may end up trying to prevent that by incorporating a lot of regulations that will defeat the purpose of having enterprise zones in the first place.

Although there are some measures in the plan that are good, they are not sufficient to address the core problem of the macro-economic policy that undermines them. They are hot on rhetoric, but they will not deliver very much, I am afraid—although my Committee will be probing and supporting those that can.

3.51 pm

Stephen Hammond (Wimbledon) (Con): Before I start, let me refer the House to the register. I give advice on transport matters to the Confederation of Passenger Transport, and economic advice to the Professional Contractors Group.

I am delighted to follow the hon. Member for West Bromwich West (Mr Bailey), the Chairman of the Business, Innovation and Skills Committee, who welcomed a number of the measures in the Budget. Some will clearly be helpful, so it was perhaps disappointing that the shadow Chancellor did not acknowledge them. He will probably be relieved to learn that I have little in common with him, apart from the fact that we were both economics undergraduates—I suspect that he was rather more distinguished than I was. I remember one of the first tutorials given by Maurice Peston, now Lord Peston, a former Labour adviser who taught us about economic debate. I just wonder whether the shadow Chancellor needs to reflect on how his proposition that the cuts are being made too fast and too deep is equally a subject of economic debate, and whether, as could be argued, he is being just as ideological and dogmatic as he claims the Government are.

For there are some economic facts—some economic truths—even if the shadow Chancellor did not want to accept them this afternoon. Whatever he says, this Government were left with the biggest peacetime deficit—a deficit that was 11% of GDP, twice that of Germany and Italy, while France had 8.6%. Borrowing is costing £120 million, and let us be clear: the total stock of debt tripled over the lifetime of the Labour Government. Those are facts.

Mr Mark Field: Does my hon. Friend also accept that the brutal truth is that for many years we have collectively lived well beyond our means? Only our near-zero interest rates are disguising just how damaging that is.

Stephen Hammond: My hon. Friend makes a correct point, and those are true facts. The causes of those facts may be in dispute. There is a clamour from the Labour party about the financial crisis. No one is suggesting that it did not happen, but equally the Labour party cannot escape the fact that this country had a structural deficit before the financial crisis or that Labour contributed at least partly to that crisis, because the regulatory regime that the previous Government put in place made no estimation of systemic risk.

There are risks to the Budget strategy—although I should say from the outset that I support it wholeheartedly. Those risks concern the lack of growth in places such as Brazil, India and China—which are slowing dramatically compared with previous levels—global inflation and the eurozone crisis, which the Prime Minister is talking about today. There are risks to the Budget strategy; it is just that the risks that the Opposition are talking about are not the risks that are real. Their strategy relies on their comment about the cuts being "too fast, too deep". This is not just about the fact that no international economic body agrees with them, or about their plan to halve the deficit over the lifetime of this Parliament—which the shadow Chancellor reiterated again this afternoon, albeit without giving any detail. That deficit might or might not halve, but the total stock of debt would still rise, as would the cost of servicing it, even at this level.

The shadow Chancellor was wrong blindly to dismiss what is happening in the gilt markets. I read the yield curve this morning, just as he did, and it is clear that 10-year gilts yields are low at the moment. If the market believed that the Government's debt reduction plan was going to change, those yields would undoubtedly rise and the cost of borrowing would rise substantially from £120 million a day, ruling out any prospect of more of the things that we really want to spend public money on. Labour Members shouted out, "Too fast, too deep," yesterday, but they should remember that there are risks involved, and that theirs is an equally dogmatic strategy.

It has been interesting to observe the movement in the past year from the Opposition Benches to the Government Benches. Year after year, as we sat on the Opposition Benches, we listened to Chancellors changing their forecasts and changing the length of economic cycles. I would gently say to the Opposition that we have growth in the economy, and that there is growth for the next four years. Its overall level might be tinkered with slightly, but the forecasts often change—

Chris Leslie (Nottingham East) (Lab/Co-op): Growth forecasts are going down.

Stephen Hammond: No, far from it. The hon. Gentleman was not in the last Parliament, when the Chancellor consistently got it all wrong. The Opposition say that

the Government's position is dogmatic, but my contention is that theirs is equally dogmatic.

Mr Mark Field: Does my hon. Friend also recognise the massive distinction, in the context of forecasts on growth and throughout the economic sphere, between what happened before the election and what has happened since May 2010? In the past the Chancellor of the Exchequer made the forecasts in his own interests. We have instituted the independent Office for Budget Responsibility, and it is a sign of the robustness of its independence that it has issued the downgrades in the forecasts to reflect changing circumstances.

Stephen Hammond: Indeed; I am grateful to my hon. Friend.

The shadow Chancellor, in contending today that the changes were too fast and too deep, once again relied on the Keynesian multiplier. He is an eminent economist, and he should know better than to rely too heavily on that mechanism. It has traditionally held out the prospect that public sector investment has an impact on the private sector, so there could be an element of crowding out and of limiting of growth potential. If the right hon. Gentleman has read the recent academic research, however, he will also know that the size of the multiplier in the growth phase of an economy is about a third of the size of the multiplier when an economy is going into recession. To rely on that thesis is therefore to rely on a very weak economic mechanism.

But let us leave the world of deficit denial behind, and welcome a Budget that does not bow to pressure. It is hugely important that the Government should stick to their policy of deficit reduction, as that is the only way to achieve long-term growth in the economy. Market rates clearly indicate that there is confidence in what the Government are doing, and to be blown off course would result in a loss of confidence. The cost of borrowing and the yields on 10-year gilts, which are important for the cost of industry borrowing and UK Government borrowing, would change. Domestic inflation would rise in those circumstances, and any indication of making a special case for one would result in having to make a special case for another. The Government are therefore to be congratulated on sticking to their policy.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Will the hon. Gentleman give way?

Stephen Hammond: I am sorry; I have no more time.

Many colleagues on both sides of the House, including the Chairman of the Select Committee, the hon. Member for West Bromwich West, have made the point that the macro is always based on the micro. The devil is always in the detail. This is the first Budget for many years in which the detail has matched the rhetoric, and in which the detail on the micro side supports the detail on the macro side. Measures include the corporation tax rate, and the 21 new enterprise zones. Far from being a failed policy of the 1980s, this was a great success. Only earlier last year, when I travelled to Merseyside and Manchester to talk to business people there in my role as a shadow Transport Minister, I found that people were asking for this and were keen for it to come through.

The measures to support small and medium-sized enterprises include research and development tax credits and the change in the enterprise investment scheme, which, alongside what is happening with the banks, will bring new capital into the country. These are micro-economic reforms that will come through to build macro-economic success through growth. The simplification of the tax code, the abolition of regulation, the acknowledgement that the 50% tax rate must be only temporary—these are all key levers of growth. They are a sign that in this Budget, the rhetoric is matched by the detail and the commitment.

Finally, growth must come in order to be fair to families, and again with this Budget, the rhetoric matches the detail. The increases in personal allowances, taking the lowest income earners out of paying tax altogether, ensuring that the 40% tax band is not extended, the freeze in council tax—those measures will all impact on real people, and it is real people and the private sector, not just the Government, who build the growth of the economy. The Budget is to be commended; it is the first for some time in which the detail has matched the rhetoric.

4.1 pm

John McDonnell (Hayes and Harlington) (Lab): I listened to the Budget debate yesterday as well as today, and I want to take up some of the points raised in it. I clearly come from a different economic school from the hon. Member for Wimbledon (Stephen Hammond)—and I probably come from a different one from his erstwhile colleague the shadow Chancellor as well!

The premise of the debate so far has been that as a result of profligate public expenditure by the last Government, we have an economic crisis on our hands. The conclusion is that we can solve the deficit largely by cutting public expenditure. My hon. Friend the Member for Bassetlaw (John Mann), who is no longer in his place, referred to various Treasury charts, and I have to say that one that was published a short while ago demonstrates that the profligate expenditure argument is simply not true.

Let us consider the recent Treasury chart about public spending under the last Government and previous Governments as a percentage of gross domestic product. It shows that public expenditure under the last Government was, in fact, less than it was at the height of Thatcherism and under John Major's period in office. I shall circulate this chart to Members. I know this is true because for many of the years the last Labour Government were in office, I was attacking them for not spending enough and for poor expenditure. I fully agree with the criticisms made of the private finance initiative; I opposed every PFI scheme that was proposed.

If we look at the chart to find out when expenditure as a proportion of gross domestic product rose dramatically, we discover that it was, as the shadow Chancellor said, only when the economic crisis hit and we had to pump out the quantitative easing into the economy. In my view, the deficit occurred as a result of the failure to match expenditure with tax justice. We had large levels of tax evasion and avoidance and, in addition, we failed to develop a whole range of other tax bases within the economy. Genuine criticisms can be made of over-dependence on the financial sector and the failure to develop the manufacturing sector during that period.

[John McDonnell]

What do we do now? It is not all about cutting expenditure. In yesterday's debate, reference was made to the crisis of the 1930s and the lessons that can be learned from it. It is worth Members returning to J.K. Galbraith, who I believe wrote the best book on the crisis, "The Great Crash 1929". What Galbraith says is that although economic structures can be put in place, what will defend us most against a repeat of the crisis is memory. We seem to forget that the cause of that crisis was the cause of this crisis—speculation by the banks and other speculators and, yes, a Government who failed to regulate. I have to say, however, that when a number of Members called for bank regulation in this House, there was an element of quietude on all sides. I remember fighting for four years, in almost a solitary capacity, to secure the passage of the City of London (Ward Elections) Bill at a time when we were pressing for regulation.

One of the lessons of the 1930s is that the one thing we should not do in a recession is cut public expenditure, because that will turn a recession into a depression. However, it is exactly what the Government seem to be doing. At present 2.5 million people are unemployed, 1 million young people are unemployed, according to recent statistics 1.7 million people are in voluntary and part-time employment, and the £80 billion cuts proposed by the Government will make at least another 1.2 million people unemployed.

What I am really anxious about, however, and what we should all be anxious about, are the cuts in capital expenditure. We are told that there will be a 4% cut next year and a 6% cut in the year after that, and that local government capital expenditure is to be cut by 30%—possibly more, according to the Red Book. I believe that if that element of demand is removed from the economy, we will experience either a deflationary spiral or the worst of all worlds, stagflation: increasing inflation along with stagnation in the real economy. I do not believe that there will be a double dip. My fear is that we will become like Japan, where asset values are falling, and will scrape along the bottom of economic activity for perhaps a decade.

People ask what the alternative is. I have mentioned the lessons of the 1930s, and Keynes's name has been bandied about many times today. It is true that Keynes concentrated on the bond market, but one of the main lessons to be learned from him is that the key issue is unemployment. I think we should be declaring, across parties, that our objective must be the return of full employment, which appears no longer to be cited as a policy objective. As has already been pointed out, the most effective way of restoring investment is through capital investment—the development of capital programmes in housing, renewable energy and transport. I ask Members to look at the green new deal and to examine the "One Million Climate Jobs" booklet produced by trade unions including the Public and Commercial Services Union, which sets out a capital investment programme that could get people back to work.

How would that be paid for? Let me list just a few short-term measures. I am very pleased that windfall taxes have come back into fashion, and I commend the Government for that, but I do not think that the windfall taxes on the banks go nearly far enough. The lending rates on personal loans in particular are exploitative and extortionate in the markets. I also think that if we are to consider organisations that have profiteered during the recession, we should consider the supermarkets. Commodity inflation is about 3%, but they have increased prices by 6% and above, and they have been profiteering for a number of years.

I think that a windfall tax on energy is appropriate. The current profits of British Gas average 24%, and Ofgem has reported an average profit margin of 38% per customer since last November. That is profiteering during a recession. Some economists have suggested that a windfall tax in those three areas would produce up to £10 billion to get people back to work.

Let me make clear, however, as I did under the last Government, what should happen in the longer term if we are to avoid future deficits. Yes, it is about careful expenditure and it is about having confidence in local and regional decision making, but it is also about achieving a fair and just tax system that will fund our expenditure. First, we must tackle tax evasion and avoidance. What has been done about that by past Governments and by the present Government is trivial. According to Richard Murphy and John Christensen of the Tax Justice Network, £150 billion a year is potentially available to us. Secondly, we need a financial transaction tax. We have been talking about a Robin Hood tax for too long, and we should now be implementing it. Thirdly, I think we should deal with land speculation. I believe that now is the time for land value taxation. If we tax the wealth in land, we will encourage development rather than preventing it.

On Saturday, there is to be a "march for the alternative". I expect at least half a million people to march in the streets against the cuts, and I want them to march for a just alternative. I believe that one of the alternatives they will expect us to implement in the House is a fair taxation system allowing investment in public services so that we can all share in that wealth.

4.9 pm

Julian Smith (Skipton and Ripon) (Con): I refer Members to my entry in the Register of Members' Financial Interests.

I am delighted that business, as well as families, took centre stage in yesterday's Budget. Enterprise zones will be a beacon for growth. There will be two in Yorkshire: one in Leeds and one in Sheffield.

Mr Binley: My hon. Friend might also be pleased to know that West Northamptonshire Development Corporation will shortly submit an application to create an enterprise zone in Northampton, which will bring 10,000 new jobs to an area that is supposed to be building 50,000 new homes over the next 15 years. Does that not show that the Budget is particularly about promoting growth, and that this is just one way to achieve that?

Julian Smith: My hon. Friend is absolutely right, but he will be facing stiff competition from the North Yorkshire local enterprise partnership, which will be seeking to get ahead of his proposal.

The most exciting aspect of yesterday's Budget was the direction of travel the Chancellor set in respect of the conditions for business that he wants in Britain,

because growth will ultimately be achieved through the individual efforts of business leaders, not through Government. The 2% cut in corporation tax signals to companies that Britain is once again open for business. It is now clear to every potential investor, in the UK and overseas, that this Government are committed to putting in place the best corporation tax rates in the G20 by the end of this Parliament. Overnight, global companies such as WPP have said that that will make a difference to their decisions on where to invest. That is great news.

The Budget also encourages those who want to set up a business to go for it. It contains a big nudge from the Government for people to give entrepreneurship a go. There is a golden carrot to dangle before those thinking of taking a risk: a 10% capital gains tax rate up to £10 million. The profit motive is a motivator, and the Budget clearly says, "If you believe in your business, take the risks and are successful, you will be much better off financially." Therefore the message is, "Unless you're a cracking singer or can dance like the Business Secretary, forget 'The X Factor' and 'Strictly'; this Budget gives you a golden ticket to join start-up Britain."

The moratorium on new legislation for small businesses with fewer than 10 employees will be a big relief for entrepreneurs, who need to be fully focused on jobs and growth rather than the latest wheeze from Whitehall. When I was a small business owner, dealing with employment law took more time than any other management responsibility. Employment laws and regulations have been piled on British business since 1997.

Ian Lucas (Wrexham) (Lab): Will the hon. Gentleman give way?

Julian Smith: Not at the moment.

Let us be clear: employers want to get on with running their business. They want to allow their workers flexibility in their jobs and to give them training, but they also want to make decisions themselves. The changes in the Budget will provide welcome relief from administration, rules and red tape, which always come from new legislation. Opposition Members have already started putting about the myth of this being about "nasty Tories" who have no interest in equal rights. It is nothing of the sort. Labour took some good steps on employment, and we have accepted many of them, but the last Government ultimately failed to see that adding on regulation after regulation was counter-productive; they just did not know when to stop.

This Budget establishes two principles: first, that micro-business needs to be treated differently from other business, which is very important for my constituency; and, secondly, that creating jobs is more important than adding more regulations to existing ones. Everything we do should encourage business and make things easier for risk takers. Only by doing that will we get this country's economy growing to its full potential. Jam-packed with other measures as well as the ones I have talked about, this Budget has set us firmly on the right course.

4.14 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): The first thing to say about this Budget is that it has to be seen in the context of last year's Budget, because that gave us a large-scale fiscal adjustment of some 6.9% of gross domestic product over the course of the Parliament and the measures announced this year were inevitably going to be smaller in scale and focus. So our discussion is not so much about the measures about to be taken, but, inevitably, largely about the measures already taken: the VAT rise; the shift from the retail prices index to the consumer prices index for so many things; the pay freezes; the child benefit freezes; and the cuts to public expenditure. All those are going to have a far larger impact on household finances and on businesses than anything announced yesterday.

The one headline the Chancellor did not want to see in today's newspapers was anything that smacked of a U-turn or a reversion to a plan B in terms of his broader strategy. What that means for the public is set out in the forecasts published alongside the Budget by the Office for Budget Responsibility. For the third time since the election, we have seen a downgrading of growth forecasts—growth down last year, this year and next year. Inflation forecasts are up and unemployment is at a 17-year high. The forecasts for borrowing and the interest to be paid on borrowing are also up, even though dealing with that is supposed to be the central purpose of his grand economic strategy. Those forecasts underline the fact that growth is needed and although the Chancellor will continue to claim that any problems he is addressing are Labour's fault, he will find out that, to use his own metaphor, this particular tank of political fuel runs out over time.

My right hon. Friend the shadow Chancellor fairly pointed out that growth was increasing at the time of the general election, before falling back sharply at the end of the year. I am not sure that even the Chancellor believes that that was about snow. It was about confidence, as the country realised what a tough time lay ahead for family budgets over the next couple of years. The central antidote to all this bad news about cuts was supposed to be the growth plan published yesterday. The Chancellor announced a stream of measures on innovation, tax, planning, training and so on. It was tempting to close one's eyes, just as the Justice Secretary did, imagine a different accent and be reminded of some of the Budgets that the Chancellor used to attack so strongly for their blizzard of initiatives. We can imagine a range of groups being invited to the Treasury and the Department for Business, Innovation and Skills to be asked what was on their shopping lists. The question for us is whether the sum of these various parts adds up to a plan for growth or whether they are a list of things to insulate the Government against the accusation of having no plan for growth—the two are certainly not the same thing.

I wish to discuss a few of the individual measures, because I believe that my party should adopt a level-headed approach to them. Some of them may work, some of them may not and some of them are, in fact, Labour party policy. The technology and innovation centres announced by the Government are welcome. They were recommended by Dr Hermann Hauser in a report to the Labour Government last year and are based on the successful Fraunhofer institutes in Germany. Their essential task is to bridge the gap between concept and production—between the great idea and the manufactured product. We have long heard commentators say that Britain is less successful at doing that than other countries, so I am glad that the Government have carried on this idea begun under the Labour Government.

[Mr Pat McFadden]

The Chancellor also made much yesterday of his new regime for short-life assets in manufacturing, which is designed to encourage investment in new machinery. That has been welcomed by manufacturers over the past 24 hours, but before the Government get too carried away we have also to remember what the Chancellor announced last year: a hit of almost £3 billion on manufacturing to pay for his corporation tax cut by cutting capital and investment allowances. In other words, he made manufacturing—the part of the economy that needs to invest in new plant and machinery—pay for a tax cut for the parts of the economy less reliant on such investment. This is not, as he claimed yesterday, a conversion to support for making things; this is the Chancellor applying a dressing to a wound that he created last year. What he has given back in the measures on short-term assets is a lot less than he took last year—*[Interruption.]* If there is any doubt about that, I refer the Economic Secretary to pages 42 and 44 of the Red Book, which clearly set it out.

The Chancellor also announced 21 new enterprise zones, with the relaxation of planning control, business rates and so on. If they can create jobs in areas such as the black country, which I represent, they should be welcomed. I sense in the proposals, however, the spirit of Lord Heseltine, who was also involved in the regional growth fund. We had enterprise zones back in the 1980s, when unemployment was 3 million and industry was collapsing all around us. I hope that in reaching for them now the Government are not privately expecting a repeat of the circumstances that gave birth to them in the first place. I also hope that they are not a consolation prize for local enterprise partnerships that are disappointed when the results of the first round bids for the regional growth fund are announced in a week or two's time.

Some of the measures are worthy of consideration and support, but do they add up to the plan for growth that the Government have claimed they are? Surely to answer that we need to return to the broader context. There is no denying that, had the outcome of the election been different, there would have been difficult decisions to take. It is important for all of us to say that to the electorate. The deficit cannot just be wished away, but there is a legitimate debate to be had about the speed and scale of deficit reduction and its impact on families up and down the country.

The deficit is not there because the Labour Government lost control of the public finances; it is there because of the hit that our public finances took as a result of having a large financial sector and because of the measures we took to stop recession turning into depression. That is not a loss of control, but a Government acting to stop recession having a more painful impact on the public and on business than would otherwise have been the case.

The Budget claims to be a Budget for growth, but there is no escaping the fact that the growth forecasts have been reduced. That is what will matter to businesses and families throughout the country.

4.22 pm

Jesse Norman (Hereford and South Herefordshire) (Con): I speak not merely as a member of the Treasury Committee but on behalf of tens of thousands of working people in my county of Herefordshire. It is a county where the average income is £21,000, where residents face the very high costs of living in a rural area—especially for fuel and transport—and where there is a very high relative number of small businesses. These are real people putting in the hours to support themselves and their families at a difficult economic time.

I welcome the Budget and especially several measures that will have a direct impact on the well-being of my constituents. The first is the cut in fuel duty, which we have pushed for very hard with the Treasury. The second is the rise in the income tax threshold, which will take many Herefordians out of income tax all together. The third is the support for small businesses and entrepreneurship; for apprenticeships; for local housing; for the university technical colleges; for the green investment bank; and, finally—a measure that is perhaps as important as any of those—for filling in potholes, an area in which Herefordshire rather specialises.

The Budget marks a further decisive step in dealing with the disastrous legacy of the previous Government. We know the brute economic facts, but it is important to remind ourselves of the wider picture: that this country now faces paying nearly five times more in debt interest every day than it does on care for the elderly; and that we have, in addition to the disclosed public debt numbers, £200 billion-plus of off-balance sheet debt for the private finance initiative. The wider story, however, concerns the atmosphere of unreality on the Labour Benches, and particularly on the Front Bench, which one might describe as a fog enshrouding planet Balls.

The intention seems to be to rewrite history and to deny, as the shadow Chancellor did today, the fact that in 2007-08 the previous Government created a 3% budget deficit at a time of 3% economic growth—a structural deficit that had existed at that point for seven years. It is unrealistic to pretend that America and Germany are parallel cases to ours in terms of economic recovery. America has the global reserve currency in the dollar and therefore has a far greater intrinsic ability to inflate its way out of trouble, and Germany has benefited massively over the past year or two from the expansion in the American purchasing of industrial goods. Their situations are not parallel to ours. The truth is that our economy is grossly unbalanced and that that is what exposed us to the situation we find ourselves in.

Also unrealistic is the Opposition's refusal to acknowledge the weight of expert opinion supporting the present policy, including from the G20, the IMF, the OECD, the US Treasury Secretary and even Tony Blair. The Bank of England testified only a couple of weeks ago that without the current austerity measures, our borrowing costs would be 3% higher. Given the amount of refinancing we have to do over the next two or three years, that implies additional borrowing of some £10 billion. If one has any doubts about this issue, one need only look at Portugal, which is close to economic meltdown.

Finally, we have the shadow Chancellor's denial, which we heard again today, that any deficit ever existed. As they say, "De Nile is not just a river in Egypt." *[Interruption.]* I am in town all week! Labour's strategy has been pretty clear: ignore economic reality, disavow the previous Chancellor's own plans to make cuts and increase taxes, attack the coalition wherever possible and hope the voters do not notice. The result has been a

refusal to articulate any constructive, concrete proposals at all. I note the contrast with the Republicans in the US, who have opposed the Democrats with great vigour. Whatever their personal merits, the fact is that the Republicans in Congress have created positive alternative plans that have to be debated. That is in sharp contrast to the actions of the Opposition in this House.

The truth is simple: this country has suffered the biggest economic shock since the great depression. It will take years to recover fully from that shock and the world's economic system remains very fragile. The USA took slightly longer than a decade to rebuild after the great crash of 1929. Japan started to recover from the asset-based deflation of the early 1990s only a few years ago and it will be a doubly cruel blow if the earthquake sets back its recovery any further. The idea being pushed by the Opposition that this Government are in any way responsible for the current economic mess is laughable.

Martin Horwood: The hon. Gentleman makes a powerful case about the Opposition's economic strategy, or lack of one. Does he agree that what they might also have done is risk an increase in interest rates that would have hit everyone with a mortgage, everyone with an overdraft and every new business seeking to borrow?

Jesse Norman: I thank the hon. Gentleman for that intervention. It is certainly true that if we had higher borrowing costs and a tighter monetary policy, interest rates would be higher, mortgage rates would be higher and the average mortgage holder and household would be suffering considerably.

I welcome the fact that the Budget is a reforming Budget that has not shied away from taking difficult long-term decisions, such as the proposals to merge income tax and national insurance. A properly functioning system of social insurance could have been a very fine thing—indeed, that was what Beveridge originally anticipated—but the system has been allowed to slip away from the contributory principle into a disguised income stealth tax. The new reform will bring home to people just how heavily they are taxed and will encourage them to demand better public services for their money.

In short, the country is emerging from a time of fake capitalism that was matched by fake government—a time when Fred Goodwin could destroy an august 200-year old financial institution, squander billions in shareholder value and then walk away with a fortune and have a Minister sign off on his pension. The economy became grossly unbalanced in that time and executive compensation soared both inside and outside the financial sector with little or no relation to performance. It was a time of increased complexity, short-termism, bureaucracy and regulation. As every Herefordian knows, what we need now is real capitalism, with real people taking real risks, investing real time in real work and reaping real rewards for their efforts, and this Budget is a very important step in that direction.

4.29 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): The Budget was billed as a Budget for growth, which my constituents wanted and the Sunderland economy needed, but it is not a Budget for growth. In fact, it is a Budget in which the Chancellor has had to admit that he is failing to create growth. What is growing after this Budget and the tax and spending announcements of the past 10 months? I will tell you, Madam Deputy Speaker, what is growing: the Chancellor's nose. It is the dole queues that will be growing, with all the projected job losses. The cost of living will be growing, with the Government's regressive VAT hike, which hits the poorest families hardest. The number of young people not in education, employment or training will be growing, due to the scrapping of the future jobs fund and the education maintenance allowance.

Martin Horwood: Will the hon. Lady give way?

Mrs Hodgson: Not at the moment.

John Campbell from Washington e-mailed me yesterday. He currently receives £30 a week in EMA to support his studies. He asked me what support he would now get. I cannot answer, because Ministers have not told us yet, despite repeated hints from the right hon. Member for Bermondsey and Old Southwark (Simon Hughes). I share the disappointment that he will no doubt have felt yesterday. Students are making choices about their future now. How can they do so while this silence persists?

We heard that the Chancellor will lift the tax-free allowance by £630 in 2012. I am sure that those of my constituents who will be lucky enough still to have a job this time next year will be very grateful for the extra 92p a week they will get. Perhaps they could use it towards the increased prices of their weekly shopping and energy bills, or to offset their loss in tax credits or frozen child benefit. What this Chancellor gives with one hand, he takes away many more times over with the other.

I remember, as I am sure do my hon. Friends, the furore in 1999 when the Government of the day announced an increase in the state pension of 75p a week, which was widely decried as an insult, despite being part of a wider package of measures that included the introduction of the winter fuel allowance and free TV licences. I checked with the Library this morning and found that 75p in 1999 is equivalent to around £1.05 today, which is 14% higher than 92p. Using that reasoning, the Budget's increase is an even bigger insult. The right hon. Member for Havant (Mr Willetts), who was shadow Minister for social security, asked my right hon. Friend the Member for Edinburgh South West (Mr Darling) at the time whether he felt guilty about cutting taxes for business at the same time as making such a derisory offer. I wonder whether the right hon. Member for Havant feels guilty today.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I am grateful to my hon. Friend for giving way and for highlighting the effect of the proposals on her constituents, but she is perhaps being a little unfair to the Government on pensions. After all, they are solving some of the problems by bringing forward proposals that will eventually mean that some people might not be able to retire until they are 80. Is that not the kind of measure they should have highlighted more yesterday, rather than the ones they chose to highlight?

Mrs Hodgson: Although we all acknowledge that we will have to work longer because we are living longer, I do not think that anyone in this Chamber would want still to be working when they are 80.

[Mrs Hodgson]

At the Liberal Democrats' spring conference last week the Deputy Prime Minister referred to the 75p increase in 1999 as an indignity, so I wonder how he views the 92p increase announced yesterday. Family income is vital to our growth prospects, as squeezing household budgets means less consumer spending, which in turn means lost profits and jobs in the sectors that depend on it.

How will growth be encouraged in Sunderland and the north-east? We heard yesterday that 21 local enterprise zones will be created and that one of them will be in the north-east local enterprise partnership on Tyneside. Seeing as we have an LEP for the whole north-east, leaving aside Tees valley, which is being given its own LEP and enterprise zone, why can we not have an enterprise zone that covered a wider area or more areas within the north-east enterprise zone, such as Wearside, in which Sunderland sits, which has both the need and potential, which are two criteria?

I was interested to read today in my local paper, the *Sunderland Echo*, that the Chancellor may have made an error in announcing that the local enterprise zone was going to be in Tyneside, because the location of the zone has not yet been decided. The Energy Secretary spoke to the *Echo* on that point and said that there was going to be a zone in the north-east local enterprise partnership area, and that the north-east LEP would help to choose where it was. He may need to go back to school and re-take his English baccalaureate—perhaps he does not have one—in geography, however, because Tyneside and the north-east are two very different areas.

That aside, we all know that if the Government were serious about stimulating the private sector they would never have abolished One North East or slashed funding for regional development. The Chancellor said that he wanted his Government to be the greenest ever, and he told us that funding for the green investment bank would be increased, in turn increasing the amount that it could leverage from private sources. I will not complain about any measures to increase investment in the low-carbon sector, particularly when that investment is going to help companies to innovate and create jobs in the north-east, but the Government could and should be doing so much more. Germany and China are taking action right now to stimulate green growth, so surely it is in this country's economic interests to do the same and attract businesses before they locate to the countries that are taking action.

I also have concerns about the much heralded renewable heat incentive. A business man with a small to medium-sized enterprise in my constituency wrote to me to make the point that, had the scheme started next month, it had the potential to provide a big boost to the solar thermal sector. As it is, it will not start until October next year, and at a much reduced level to that which was expected. So, in effect, and even with the premium payment, the whole industry is on hold for 18 months, because who would invest now when they could get an incentive to do so in the next 18 months? That does not help the renewable energy sector; it puts the industry in limbo, and it puts jobs and innovation at risk.

My constituents may be pleased that the Chancellor has taken some action on fuel duty, however—an issue that many of them have contacted me about in the past few weeks. Cutting the duty on fuel by a penny will have made for some good headlines, and we all know that he needs those, but he failed to tell my constituents watching yesterday that a 1p cut in duty will not make up for the 3p VAT increase that he introduced at the beginning of the year. Again, he gives with one hand and takes much more away with the other.

There is so much more that I wanted to raise, but I will do so another time. Like so many of this Tory-led Government's policies, this Budget is for the few, not the many. The bottom line is that this so-called Budget for growth has caused the Office for Budget Responsibility to revise down growth predictions; it had failed before it was even printed. The Chancellor spoke for an hour yesterday, but he provided almost nothing from which my constituents could draw any comfort. So, on behalf of those constituents, in particular the young and the struggling families, I urge him and his ministerial colleagues to listen seriously to the concerns that hon. Members have raised today.

4.38 pm

Jessica Lee (Erewash) (Con): Thank you, Madam Deputy Speaker, for calling me to speak in this important debate. I, for one, welcome the Chancellor's Budget statement, and I look forward to voting on all its details and recommendations. In particular, I am relieved to be able to say that Britain is once again open for, and backing, business.

Before I was elected last year and since, in my meetings with and speeches to the business community in Erewash, I have always reflected on how important it is that we in this country make things again. I was pleased to hear Sir James Dyson speak a few years ago, and I think my right hon. Friend the Chancellor referred to him in his speech yesterday. To hear somebody of such experience, gravitas and talent speak is really encouraging, and from that I saw the real need to support budding scientists and entrepreneurs. In particular, there is a genuine need to support young women who are thinking about a science career. We all know that, for whatever reason, engineering and science, as a profession, has had a lower uptake of young women wanting to pursue it. That is a shame. Some of the measures set out in the Budget statement and by the Business Secretary do all they can to encourage young women by saying, "Now is the time. You can have a career in science and engineering—it is for you, and there are the opportunities to do well."

In Erewash, we have a proud history of manufacturing, including traditional lace-making, furniture-making and engineering. Sad to say, the traditional lace-making, in particular, has declined over the past 10 years or so; indeed, we have just one such factory left. The people there have used their entrepreneurship and ingenuity to keep it going. I am sure that everyone in the House can imagine that that brings with it daily challenges, such as finding appropriately qualified mechanics to repair the machines and finding new business, but they are trying their best and doing well. However, we also see, unfortunately, a number of empty lace factories where once they were busy and flourishing. Under the last Labour Government, manufacturing halved as a share of gross domestic product, and jobs in that sector declined by 40%.

Moving on to the many positives about business and entrepreneurship in my constituency, we have several successful small and medium-sized enterprises, particularly

in high-tech engineering and aerospace manufacturing, and there is a great need to support them at this time. Geographically, there are many advantages to my constituency, which is based right in the heart of the country. We have nearby large employers such as Rolls-Royce and Toyota, as well as the universities of Derby, Nottingham and Loughborough, all with very successful business departments.

We all know—the figure is startling every time it is said—that £120 million per day is paid in debt interest. That is more than the schools budget and the defence budget. There is always moaning and groaning from the Labour Benches whenever that is mentioned, but we have to deal with the facts as they are. When my constituents come to my weekly surgery, they always start by saying, "We know that the country has a lot of debt, and we know that we have to sort it out." There is a realism and a level of acceptance about it, and that is how we have to move the debate forward.

For me, the Budget statement marked a line in the sand. What I heard is that Britain is back, and that Britain is backing business. This morning, we saw the headlines saying that in the light of the measures announced yesterday, the WPP agency may well return to the UK with its business. I suspect that it will be the first of many important businesses that are going to come back and invest. That is a great start.

The Budget contains several steps that will help business. First and foremost, there is the cutting of corporation tax by 1%, which will take it down to 23% by 2014. There will be 50,000 more apprenticeships, taking their number to more than 250,000. Locally, we have a strong history of supporting apprenticeships, and that will further encourage new jobs, investment and training for young people. The doubling in the number of university technical colleges is a positive, as is extending the small business rate relief holiday to October 2012.

I was particularly delighted to hear the announcement about the establishment of an enterprise zone for Derbyshire and Nottinghamshire. My constituency is right in the heart of that area, and I will do my best to ensure that we are its beating heart; I will fight for an appropriate level of investment. We also have some of the centres of innovative manufacturing that were announced yesterday, at Loughborough university and the university of Nottingham. Again, many young people in my constituency could benefit from that training and help, and I will do all I can to make those facilities available to them.

The enterprise zones will follow the structure set out in the local enterprise partnerships. We were lucky to have a strong LEP application for Derbyshire and Nottinghamshire from the outset, and it was one of the first to be accepted. That group is already taking great steps towards being up and running, so that it can take in bids and bring in investment and jobs. I think that the enterprise zone will assist in that even further.

Finally, the freezing of council tax will benefit hard-working families in my constituency. We are lucky in Erewash because this is the second year running in which the borough council has frozen council tax. That will really help people.

I welcome the Budget speech. I will fight for investment for my constituency, and I certainly back the move to help manufacturing.

4.46 pm

Ian Murray (Edinburgh South) (Lab): There was so much and yet so little in yesterday's Budget that could be talked about this afternoon, but I will concentrate on the growth section.

The first line of the foreword to the Government's document, "The Plan for Growth", states:

"This Plan for Growth is an urgent call for action."

At last, after almost a year of the coalition Government, they have finally realised that hard-pressed businesses and families up and down this country need an urgent call to action for growth. However, I do not see a call to action for growth in cutting public spending too deep and too fast; the highest unemployment since 1994; the highest youth unemployment since records began, with no plan to get it down; inflation on the march, with the retail prices index at its highest level in 20 years; the largest squeeze on living standards in modern times; increasing VAT to 20%, which puts more pressure on consumer confidence and further compounds business insecurity; a continued lack of liquidity in lending markets through our banks; fuel prices that are out of control; consumer confidence at its lowest level in more than 20 years; and an overwhelming, ideologically driven attack on public services. That is certainly hurting people in my constituency, but it definitely is not working. We have all that, and the real effects of the VAT increase and the public sector job losses are still to feed through to the real economy. This does not seem to me to be a call to action for growth; it is no plan for growth, or perhaps a panic plan for growth.

That point is made clearly by the Office for Budget Responsibility, the independent body set up by the Chancellor, which we debated a few days ago in this Chamber. Even after the Chancellor's "Budget for growth", which, to use his words, should add fuel to the economy, the OBR has reduced its growth forecast for this year and next year, as it did last year. It is surely a huge embarrassment for the Chancellor that his Budget for growth actually downgrades growth. It is extraordinary that it does, given the urgent call for growth in the Government's own document and the Chancellor's own words that it would be a Budget for growth. This must be a historical first.

The Chancellor has failed to realise that cutting too deep and too fast is damaging our economy. The public and private sectors are inextricably linked. Slow growth and rising unemployment will make it harder to get the deficit down. The move from 2.1% to 1.7% is a reduction. Unemployment has been revised up to 8.2%. As someone said to me at my surgery a few weeks ago, "How can you possibly pay back debt from the dole queue?" They were absolutely right.

Martin Horwood: In its submission to the comprehensive spending review, the hon. Gentleman's party suggested that the cuts in unprotected Departments should be no more than 20%. What the Government actually delivered was only 19%. Does he think Labour's proposed cuts were going too far and too fast?

Ian Murray: I find it surprising that the Liberal Democrats always jump to their feet during these debates and throw out statistical analysis of stuff that is, quite frankly, not true. The Liberal Democrats' leaflets from

[Ian Murray]

the general election, which I still leaf through, tell me time and time again that they supported what we were doing on the economy, that the banks were all to blame, that VAT would not have to go up and that employment was the key to growth. The Secretary of State for Business, Innovation and Skills said that to Jeremy Paxman after the general election.

Jessica Lee: Will the hon. Gentleman give way?

Ian Murray: I will carry on, if the hon. Lady does not mind, because our colleagues want to contribute to the debate and our time is restricted.

What we heard yesterday was a big Budget con. My right hon. Friend the Member for Wolverhampton South East (Mr McFadden), who is not in his place at the moment, said that this Budget could not be seen in isolation from the last one. It is a continued attack on the cost of living. As has been said, the Institute for Fiscal Studies said yesterday that the Chancellor is giving with one hand but taking it back not just with the other hand, but with

"lots and lots of other hands".

Does that not show how out of touch he is? Did he not realise that people would see the Budget con?

The Government trumpeted the increase in the tax threshold, but changed the threshold increase mechanism to the consumer prices index, which will totally offset the increase. Page 42 of the Red Book shows that the Government will hand out £1.2 billion in a tax cut but take £1 billion back over time through the change to the threshold indexation. Of course, the biggest con of all is that indirect taxes will continue to rise by the retail prices index, which of course is the highest measure of inflation.

I have not even touched on the millions of families who will lose their child benefit, or the fact that every family earning less than £26,000 a year will lose their tax credits. It is a Budget con for families. The Budget confirms that although ordinary people will be thrown a little bit of corn, there is little doubt that they will be hit the hardest by this uncaring and out-of-touch Government.

The second con that I wish to examine is the fuel con. We all welcome the 1p cut on fuel. I am not a car driver, but I appreciate how much it costs to drive. My constituents constantly tell me about the pressure on small businesses that have to fill up vans and cars. However, at 7 pm on Monday, the petrol station next to my constituency office was charging £1.28 a litre. On Tuesday night it was charging £1.30 a litre, and on Wednesday night, after the 1p decrease, it was charging £1.29 a litre. The 2.5% VAT increase makes up 3.25p of that price. That is the fuel cut con—the price is 1p down due the Chancellor's decision, but 3.25p up to due to another decision of the same Chancellor.

As has already been asked, who is to say that oil companies will not just pass the additional tax costs back to the consumer? Oil and Gas UK has said in the past 24 hours that there will be job losses and a reduction in production in the North sea as a direct result of the Government's policies. We are left in a quandary. Do we have more job losses and less production in the North sea, which could be catastrophic for the Scottish economy, for what might be absolutely no benefit to consumers at the pumps? The IFS said yesterday of the fair fuel stabiliser:

"If oil prices stay high but volatile, this policy will do little to stabilise pump prices."

It is a policy that does not help hard-working families fill their cars, and may cost jobs.

According to the Government's own figures, this Budget does nothing for growth. The Chancellor needs to think again before it is too late and he sends this country into a spiral from which it may never recover.

4.54 pm

Michael Fallon (Sevenoaks) (Con): I remind the House of the interests recorded in the Register of Members' Financial Interests.

I am sorry that the shadow Chancellor is no longer with us, because a couple of elements were missing from his speech. First, any sense of humility was lacking in one of the architects of banking supervision, who started with 10 well-funded banks and ended with only five. Secondly, there was no apology for the appalling deficit that we inherited. Let us be clear: it is 10 years to the month since the Labour Government balanced a Budget. That is nothing to do with something that happened in 2007 or 2008. They made the mistake of letting the deficit grow in the good years as well as the bad.

The Budget's most important feature is that it does not change the fiscal consolidation plan. We remain on track to balance the budget again by removing the structural deficit by 2015. The Office for Budget Responsibility's forecast is that we maintain our position on track to being able to do that.

Most of the meat of the Budget is also extremely welcome, and I am glad that Opposition Members have picked out pieces that they, too, can welcome as helping their constituencies. Simpler taxation and less regulation are the drivers of a successful economy. Businesses have enough to worry about at the moment; the Government should not be one of their worries. Reducing the weight of tax and red tape on our businesses is essential. I urge Ministers to stick to their task, regulation by regulation, tax by tax, until we can genuinely say that we have one of the most competitive economies in the west.

I also welcome the Budget's emphasis on the longer term, backing the newer technologies, especially in energy and the environment, and taking the measures necessary to improve the employability of that huge pool that we inherited of people under 25 who are simply outside the labour market.

I am struck in my constituency by how many companies succeeded in growing even under the previous Government, without direct subsidy or specific grants. I visited three recently. The Sevenoaks energy academy, which I had the honour of opening last year, trains hundreds of engineers in renewable energies, providing courses in fitting solar panels, rainwater harvesting and so on. One of Sevenoaks's most dynamic business women, Julie Walker, made a £1.5 million investment in that academy, and I welcome that.

Ian Lucas: Will the hon. Gentleman give way?

Michael Fallon: I will not, if the hon. Gentleman will excuse me.

Secondly, Vine Publishing is a new media company in my constituency that is heavily involved in all kinds of print and digital work. Its turnover now approaches more than £3.25 million and it employs 12 people. It was founded by three entrepreneurs, who dropped out of university because they preferred to go into business.

Thirdly, I attended the opening of the Ideal Waste Paper Company this month. It has built a major new recycling facility at Swanley—a £14 million investment, creating 60 new jobs and recycling more than 250,000 tonnes a year.

Those are examples of companies of the future, in the new technologies, the new energies and the new media. We should all ask ourselves how we get more of them. Of course, getting the long-term climate is right, but we must also address how to make it easier for people to set up such companies.

First, we must consider how we make it easier for them to start up. Like my hon. Friend and neighbour the Member for East Surrey (Mr Gyimah), who made an excellent speech, I support the Government's enterprise incentive scheme, the entrepreneurs' relief and the relaxation of planning. I would also like us to return to share ownership and consider how we can spread it more widely among those who work for start-up companies, particularly in the payment of dividends.

Secondly, we should consider how we make it easier for such companies to employ those who have been shut out of the labour market, and who might be viewed as too expensive or too risky to hire.

I welcome the Government's initiative to reduce the number of cases going before employment tribunals. That is still a very serious barrier to employing more staff for small businesses. Finally, we need to make it easier for such companies to access the capital that they need; a number of hon. Members on both sides of the House have spoken about that.

I welcome the agreement on lending targets in the Merlin negotiations. Those need to be met, especially for smaller and medium-sized enterprises. Of course the banks are right to want more certainty on the capital and liquidity requirements, which are now being emphasised on all sides, from the Financial Services Authority to the G20 and so on, but I hope that there will be more focus on simpler business models with stronger regional networks, which can make lending to small businesses more worth while. We need such businesses to flourish, because they will create the jobs of the future.

The Chancellor was right in the Budget to help people to cope with the unexpected increases in the cost of living over the last few months, but I hope the Budget will also be welcomed for its long-term effects: keeping the public finances on track so that we eliminate the structural deficit that we inherited, putting Britain back into the black without huge changes in the tax and spending measures already announced, and helping to pump the oxygen of enterprise around the economy. It is nice, after 13 years under the previous Government, to welcome a Budget from a Government who believe in enterprise and are prepared to back it.

5.1 pm

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I was most impressed by the list of businesses that the hon. Member for Sevenoaks (Michael Fallon) has recently opened or visited in his constituency. Things could not have been too bad under the Labour Government if there is such vibrant activity, could they?

That aside, given the limited time available I want to concentrate on just one of the issues that I would otherwise have covered: the Budget announcements on the green investment bank. I am pleased that the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), is in the Chamber alongside Treasury Ministers.

I welcome the fact that the initial capitalisation of the green investment bank will be increased to £3 billion. However, I note that the increase in funding is to come from asset sales, and I would be interested to know how certain we can be that those proceeds will materialise as funding for the bank. As all hon. Members know, such funds can be diverted elsewhere if there are other urgent public finance needs, so I hope for a reassurance that that sum will materialise.

Although £3 billion is clearly better than £1 billion, it is still short of the sums that many say should make up the initial capitalisation of the bank. An Ernst and Young accountant said this morning that the bank should have been granted £4 billion to £6 billion, and I have heard that figure from other sources.

I and others are also concerned that the bank will not be allowed to borrow until 2015, and that it might not be able to borrow at all if the Government are unable to meet their debt reduction targets. The chief executive of the UK Sustainable Investment and Finance Association today said that linking funding of the bank

> "to progress on the deficit does not give investors the certainty they need",

which is worrying.

However, it is not just that the bank will be unable to borrow until 2015. Today's comments suggest that that reflects a decision on what kind of bank the GIB will be. One commentator said:

> "The decision was a victory for the Treasury, which for months had been embroiled in a tussle with green enthusiasts within the government, including climate change secretary Chris Huhne, over the powers the bank should have. It was originally intended much like a private sector institution, funding investments by taking on loans and issuing financial products such as green ISAs and bonds. One by one, these powers were whittled away."

I hope that that is just press speculation, and I would welcome any ministerial refutation of it. There is a view within the Government that it is not a problem if the green investment bank cannot borrow until 2015, because the projects that will be devolved will be large projects that will take time to get going. I am concerned, however, that if the bank cannot borrow until 2015, it will send the message that it is too closely linked to the Treasury and could have its funding turned on, turned off or even taken back by the Treasury, depending on the wider financial priorities of the Government. Again, I would welcome reassurance from the Government that that is not the case.

Hon. Members will not be surprised to hear my second point: I want to emphasise the case for the green investment bank headquarters to be established in Edinburgh. I say that not just because it serves the interests of my city—although obviously it does—but because I genuinely believe it is the best location in the UK for it to be based. I would argue strongly that its headquarters should not be in London—too much of

[Mark Lazarowicz]

the financial services industry is concentrated there anyway—and it would certainly be a mistake for it to be run out of the Treasury, as some have suggested. It needs to be outside and independent of the Government.

If the green investment bank is to add to what can be provided by existing financial institutions, and not just be a brass plaque that reads "Green Investment Bank" without doing much that is different from what happens now, it needs to be proactive and to work with the energy and renewables sector, in particular; to work with industry and academics; and to have a good close relationship with financial experts. In my view, Edinburgh has the best combination in the UK of these sectors and skills, and I believe that basing the green investment bank headquarters in Edinburgh would be good not just for Edinburgh and Scotland, but for the north of England and Northern Ireland, and would be a good sign for the renewables and low-carbon sector throughout the UK.

I hope that the Minister can give a decision on Edinburgh in her winding-up speech. However, if she feels that she cannot, as I suspect she might, I hope that the Government will still give serious consideration to the matter. I think the view is shared across political parties that locating the bank's headquarters in Edinburgh would allow us to make the best of the skills and expertise in many areas.

5.7 pm

Lorely Burt (Solihull) (LD): On behalf of the Liberal Democrat part of the coalition, I would like to make a few remarks on the business, innovation and skills measures in the Budget. Last year, we delivered a very tough Budget—one that members of neither coalition party would have wished to bring in as our first Budget—but it had to be done. Labour Members have conveniently forgotten just what a mess they left: they increased public spending by 5% year on year for 10 years so that the state accounted for more than half of all income; overheated the economy based on borrowing that this country could not sustain when the global banking problems struck; and left behind a deficit bigger than anywhere in the G20. And now they appear to be living in a parallel reality. They said that there would need to be cuts, but they never had the decency to tell the public where the axe was going to fall, and despite all the speeches we have heard this afternoon, they still have not.

We have an Opposition party that continues to oppose everything while proposing nothing. The simple truth is that if we had not taken strong measures, the country would today be in the same situation as Portugal: a whisker away from needing a bail-out and with all the draconian measures of higher taxes and bigger spending cuts that Greece and Ireland have had to endure. Our measures were tough, but they are doing the trick. They were endorsed by the International Monetary Fund, the OECD, the European Commission and, most important of all, the credit rating agencies, which confirmed our triple A credit rating. Today, therefore, families are not paying 12.9% interest rates like those in Greece, or 10% like those in Portugal, but 3.6%.

With this Budget, we need to support the growth that will pull us out of the situation we are in. The first thing we have to do is to start rebalancing the economy. We have arguably the best financial sector in the world—and we need it. We need it for jobs and we need it for tax revenues. Labour supported the financial sector. The then City Minister—now the shadow Chancellor—feted it with soothing words about light-touch regulation, and we all know what happened after that.

While Labour was in thrall to the financial sector, it neglected the manufacturing sector. Shockingly, the previous Government oversaw a decline in manufacturing that was greater than that seen in the days of Margaret Thatcher. My region in the west midlands has the invidious distinction of being the only region to lose private sector jobs when they were on the increase everywhere else, in the so-called good times. What do we have in the Budget to help to redress that imbalance? Not 10, but 21 enterprise zones have been announced. Each zone has a metaphorical "Open for business" sign outside, to attract the inward investment that each area desperately needs. The predicted 1% lowering of corporation tax this April has been doubled to 2%. By 2014, we will have the lowest corporation tax in the G7, which will attract more businesses and jobs to the UK.

For a long time we have been lobbied by small businesses about the burden of regulation. They are drowning under red tape. We have already made a start in that regard, with the one in, one out rule, the introduction of sunset clauses and the establishment of the Cabinet's reducing regulation committee. I welcome the announcements that will assist local business: no more domestic regulatory burden for micro-businesses—that is, businesses with fewer than 10 employees—for the next three years; 200% R and D tax credits for small and medium-sized enterprises; increased entrepreneurship relief; and the extension of the small business rate relief. I could go on, but I shall not, in view of how many Members still wish to speak. I think the House gets the point, although I would like also to mention that more than £350 million of regulation for the smallest businesses has been done away with. However, we will need to look at equality legislation, which embodies rights that should be available to every working person, regardless of the size of the company for which they work.

Much mention has been made of young people. We need to encourage and develop our skills agenda. We have announced a further 50,000 traineeships and 80,000 work experience placements. We have also had the welcome doubling of the number of university technical colleges.

Fuel and transport costs—a tough area for the Treasury—are clearly things that business has lobbied about. However, business is suffering very badly, and although Opposition Members may mock the 1p reduction, let us not forget that their plans were for a 5p rise in the cost of fuel. At today's prices, that would have increased the cost of filling up an average-sized car by more than £200 a year. I am glad that we have scrapped it.

However, it is important that we do not lose sight of our desire to be the greenest Government ever. That is an agenda that the Liberal Democrats are particularly keen to promote. The green investment bank will receive treble the capitalisation and be able to facilitate investment of £18 billion by 2014-15. It will also act like a real bank, able to borrow and invest from 2015. We have also set a carbon floor price, which will drive investment in low-carbon industry.

There is a lot more in the Budget that I would like to talk about, but I am conscious that other colleagues wish to speak. Together with all the other measures already announced, I am sure that the Budget will not only give business a helping hand, but put the "Open for business" sign up clearly outside the door of Great Britain plc.

5.14 pm

Angela Smith (Penistone and Stocksbridge) (Lab): All I can say about the contribution from the hon. Member for Solihull (Lorely Burt) is that it is a bit rich to hear her talk about the stance and policies of the Opposition when she represents a party that, over the years, has perfected and polished the art of opposition based on opportunism.

Some Budgets are remembered for decades to come. Some are instantly forgotten, and some are seen as a missed opportunity. I suppose that only time will tell how this Budget will be remembered. However, my best guess is that it will be seen as a missed opportunity to turn on to a different road that would lead to jobs, growth and long-term sustainable investment in our future.

Yesterday, we needed to see a change of direction, but what we got was more of the same from the Tories. Unemployment is now at its highest level for 17 years, and even more worrying is the latest youth unemployment figure, which now stands at 1 million. That is not only a tragedy for the individuals involved but a national catastrophe. The promise to help 100,000 youngsters is welcome, but it goes nowhere near far enough. It also raises the question of why the Chancellor abolished the future jobs fund last summer, condemning many of our young people to a bleak future. The real fear is that this Government are creating another lost generation, to go with the one that they created in the 1980s. That is my generation, and it has never recovered from the years of Thatcherism. If that happens, the Government will deserve all the scorn that will be directed at them.

Yesterday, we needed to hear how the Government were going to help to get people back to work, but, unfortunately, we heard very little of that. What is being offered pales into insignificance when compared with what the Chancellor has already done to damage our prospects for growth. The fact is that £80 billion is being taken out of the economy over the next four years as a result of the comprehensive spending review. That is twice the amount that we believe to be sustainable.

The 1.2% growth in the economy experienced in the spring of last year vanished in the cold of winter, to the extent that the economy contracted by 0.6% in the last quarter. With the first quarter figures for this year not expected to be much better, there is a real possibility of the country slipping back into the danger zone. Consumer confidence is at its lowest level ever, unemployment is on the up, living costs are squeezing people's incomes hard, and the full ferocity of the spending cuts will start to bite in April, which is just a few days away.

All these factors have led the independent Office for Budget Responsibility to revise downwards its growth forecast for 2011, from 2.3% when this Government took power, to 2.1% after the emergency Budget, and now to 1.7%. Many people expect even that figure to prove optimistic, with the possibility of growth being even lower over the next couple of years. Even if the OBR is right, the lower growth figures will have dire consequences for people's jobs and living standards. It is already being said that lower growth figures will add £10 billion a year to Government spending, because of increases in unemployment and welfare benefit costs. To me, that is the economics of the madhouse.

It does not have to be like this. In countries such as America, growth estimates are being revised upwards, not downwards. However, according to Mervyn King himself, we are now seeing the longest fall in disposable income since the 1920s as a result of this Chancellor's policies, and the Institute for Fiscal Studies is saying that households will be 6% worse off than they would have expected to be for the period from 2008 to 2011.

There is more to come, with cuts in housing benefit and tax credits in April. Tax credits played an important role in cushioning people during the recession. They provided a cushion for many people who were put on short working hours and had their incomes cut following the financial crisis. I saw men at Corus being put on short time to save the company, and Corus was able to do that successfully, with the co-operation of the union, because tax credits helped to keep those men's incomes at a high enough level to prevent them from hitting the poverty line.

On top of those cuts, many people are being badly affected by inflation, which is now running at 5.5% on the retail prices index, which is more indicative of the situation. That is much higher than the Chancellor's initial forecast. We know that one of the reasons for that is the rise in VAT to 20% in January. When they were in opposition, the Conservatives and the Liberal Democrats promised that they would not raise VAT. It is no wonder that consumer confidence has fallen to record low levels over the last few months, yet this Budget does not offer any help for hard-pressed people who are struggling to cope.

While the increase in personal allowances is to be welcomed, it in no way fully compensates for the previous increases in VAT and other tax rises being implemented. In a sleight of hand, the Chancellor has moved the uprating of tax allowances, as we now know, from the retail prices index to the consumer prices index, which will cost every taxpayer dearly and bring in an extra £1 billion to the Treasury by the end of the Parliament — more than covering the increase in personal allowances.

Even the Institute of Directors, not generally given to rigorous criticism of the Conservatives, commented recently that average earnings were falling and that household disposable income faced a big squeeze. It concluded that this was, at best,

"the jobless and joyless recovery"—

not exactly a ringing endorsement of the Chancellor's policies.

This Budget gave the Government the chance to alter course, to reflect on a vastly changing global situation, to calmly look at the evidence and to realise that the country is not recovering. They talk about rebalancing the economy, and they could have changed their minds and invested in Sheffield Forgemasters rather than leave it hanging in the wind, but that is what they did.

What we have had instead from this Budget is the same old Tories making the same old mistakes and it is the ordinary people who will suffer with their jobs. We have a politically motivated Chancellor who is making

[Angela Smith]

cuts now to offer tax cuts at the next election. This is a Chancellor who puts his party and his politics first and the economic situation and prospects for the country last. The Chancellor said this Budget was all about growth, but independent growth forecasts have downgraded the prospects for it. In my opinion, this Budget is a missed opportunity to invest in the UK, to rebalance the economy and to help hard-pressed families all around the country to make ends meet. There is no doubt that the Chancellor's policies are hurting, but in the end, just as under Thatcher, we will not see them working.

5.22 pm

Damian Collins (Folkestone and Hythe) (Con): To listen to some of the speeches of Labour Members one would think that the debate about the prosperity of hard-working families and individuals is somehow totally separate from the debate about reducing the deficit and getting our country's finances back into balance. The two, of course, are intrinsically linked. We cannot have long-lasting peace and prosperity for our people unless we live within our means. The Government are no different from any business, any family or any household in that regard.

In his opening remarks, the shadow Chancellor wanted to take us back to the period in the run-up to the last Budget. The forecasts coming from the City of London about British Government debt and the state of our economy spoke of a dire situation. I am not talking about only forecasting companies and organisations, some of which were criticised earlier, but organisations that have skin in the game, so to speak, whose job is to advise investors.

The managing director of one such company, PIMCO, which is one of the world's largest fund management companies and also the employer of the shadow Chancellor's brother, said in the run-up to the last Budget that British Government debt was

"resting on a bed of nitroglycerine".

He published a chart of a "ring of fire" in which Britain appeared alongside other countries such as Ireland, Portugal and Mexico that have terrible problems with their debts. That situation, however, has been transformed by this Government's policies. Everyone in this country should be glad about that; we will reap the rewards from that change in the future.

Household debt has been mentioned. Anyone looking at the Red Book can see that levels of household debt rose continuously during the 13 years of the last Government. That problem was driven by unsustainable levels of credit, with which this Government have had to deal, as it was an underlying problem in our economy.

Income tax has also been touched on. Like all Government Members, I welcome steps to take the poorest people and families out of income tax altogether. More than 1 million people have been taken out of it. We all know that one of the greatest stealth taxes pushed by the last Government was the failure to keep the income tax thresholds moving in line with inflation, so millions of people were paying taxes at higher rates and levels than they otherwise might have done. This Government have done something to address that.

I want to say a little about the plan for growth. Like many other Members, I take a keen interest in the enterprise zones proposed in the Budget. My part of east Kent contains pockets of considerable deprivation in national terms as well as in comparison with the rest of the south-east of England. Along with colleagues, I will use my local enterprise partnership to lobby for the creation of an enterprise zone in our area.

One of the aspects of enterprise zones that interests me most is that areas will keep the uplift in business rates generated by the zones to reinvest in their communities. A White Paper on local growth published last year by the Department for Business, Innovation and Skills proposed giving councils more powers and more incentives to generate greater business activity in their areas, and to keep that business rate uplift to reinvest in their communities. Local authorities throughout the country, whether or not they end up being part of enterprise zones, may be able to develop their own business plans for local growth. There is the potential for mini and micro enterprise zones in every area, or even on every high street, in the country.

I also welcome the announcement of incentives for local authorities and planning bodies to promote growth and increased business activity in their areas. During Question Time this morning, I asked the Secretary of State for Energy and Climate Change whether that announcement would apply to the national policy statement on energy, on which the Department is currently consulting. Nuclear power stations are deemed to be part of the national infrastructure rather than a matter for local authorities, but they can provide considerable economic benefits, and I have been campaigning for a new nuclear power station at Dungeness in my constituency. There is considerable economic deprivation in that part of Kent, which is part of an economic zone that also includes Pfizer's Sandwich plant. The establishment of a new power station at Dungeness would boost the local economy and create thousands of high-skilled jobs, and if it can be achieved through the measures in the Budget, it will be greatly welcomed by my constituents.

The Budget also contains measures to boost the creative economy. The Select Committee on Culture, Media and Sport, of which I am a member, has been considering the funding of the arts and heritage, and our report will be published next week. It was completed before the Budget statement. I am particularly encouraged by the measures to incentivise private giving through legacies and gift aid, which will benefit charities to the tune of hundreds of millions of pounds. I believe all Members will welcome that. The Budget also provides for breaks for smaller businesses in the creative sector. A number of Members have referred to the measures to increase investment in small businesses. Many creative and high-tech businesses, such as those involved in the digital economy, are small and entrepreneurial. My hon. Friend the Member for East Surrey (Mr Gyimah) spoke eloquently about the benefits that the Budget provides for such businesses.

I also note from their paper "The Plan for Growth" that the Government intend to relax the restrictions on the performance of live music, especially in smaller venues. There has been considerable debate in the music industry about the restrictions introduced by the last Government in the Licensing Act 2003, which made it harder for people to organise live events by imposing

more regulation and costs. The Government will introduce measures to make the position easier not just for live musical performances but for theatre and cinema, and I think we can all welcome those as well.

This was a Budget for growth, featuring a series of bold plans not only to make some of the poorest people in the country wealthier by reducing their income taxes, but to increase investment in smaller companies and the micro-economy to benefit people and businesses throughout the country and particularly in my constituency.

5.28 pm

Mr Chuka Umunna (Streatham) (Lab): Before I make my substantive point, let me make two observations, on growth and employment and on business confidence.

I do not think there is any disagreement between the two sides of the House on the need to reduce our debts. The controversial issue is the time frame within which we should do that. If we want to reduce the deficit, we will obviously need to produce growth and jobs, because people who are out of work do not pay income tax and we have to pay benefit. I believe that the cost of every 100,000 people out of work is about £500 million in benefit payments. According to the latest figures, 4,000 people in my constituency are claiming jobseeker's allowance. I hope that we can get them back to work very soon.

The Office for Budget Responsibility's downgrading of the growth forecast has been widely reported, but its revision of its autumn estimate of the number of jobseeker's allowance claimants has not been commented on. The OBR revised upwards its forecast of the number of JSA claimants in this year and the following four years. For this year, unemployment has been revised upwards, and the number of people claiming JSA has been revised up by 50,000 compared with the autumn forecast. For next year, the forecast has been revised up by 120,000, and for 2013 it has been revised up by 130,000.

Angela Smith: Does my hon. Friend agree that such statistics say nothing about the tragedy that unemployment visits on the lives of individuals, and especially on the lives of our young people and on their prospects for the future?

Mr Umunna: I absolutely agree. As a former employment lawyer, I am well aware of the huge impact that loss of work has on individuals and their families.

We are entitled to ask why the unemployment forecasts have been revised upwards. That has happened because of sluggish growth, and the OBR's autumn forecast clearly states that the sluggish growth has been caused in no small part by the extreme fiscal consolidation embarked on by the Government. Therefore, there are more people out of work, claiming benefit and not paying income tax due to the policies of this Government. The OBR has said that.

The Chancellor's strategy on business confidence and investment is clear. As the Government hack off chunks of the public sector—causing, of course, mass public sector job losses—he says that the private sector will automatically step in to fill the gap, and he foresees private sector growth fuelled by a boom in exports and business investment. Business confidence is key, and since this Government took office confidence has fallen. The latest Institute of Chartered Accountants in England and Wales and Grant Thornton UK business confidence monitor shows a continuing downward trend in business confidence in this country for the fourth consecutive quarter. I sincerely hope that that confidence returns, because the people in the communities I represent in Streatham and parts of Clapham, Balham, Tulse Hill and Brixton will be among those who suffer.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Does my hon. Friend share the concerns that were raised with me yesterday and today by many green businesses that this Budget could have been an opportunity for growth specifically in the green sector, yet the ability of the green investment bank to lend has been delayed until 2015—if it will be able to lend at all? The Government talked yesterday about the green deal, but there are no details about what incentives to many householders across the country might be.

Mr Umunna: I agree, and my hon. Friend's comments bring me neatly to the topic of the Business Secretary's document, "The Plan for Growth."

Aside from the two observations that I wanted to make, I want in particular to comment on the document's proposal to scrap the planned extension of the right to request flexible working to parents of 17-year-olds. That has been cited as a way to ease the burdens of employment regulation on business. "The Plan for Growth" says the administrative burden of extending that flexible working will cost about £500,000. That figure is taken from the Government's own impact assessment of the measure, published in October last year.

Although "The Plan for Growth" mentions the £500,000 figure, it does not tell the whole story. The assessment agrees that there are additional procedural costs to business in extending the right to request flexible working, which it quantifies as £1.3 million, including the administrative costs I have just mentioned. In addition, there is a £975,000 cost in making adjustments to working patterns. However, that is far outweighed by the savings to business, which are listed in the Government's impact assessment: £1.1 million from higher productivity, £1.2 million from lower labour turnover and £63,000 from reduced absenteeism, totalling £2.4 million in the first year. Overall, the "net present value" of introducing the measure—the benefit to business—would be £41.2 million. Again that is not my figure, but the Government's. Therefore, on pure cost grounds, I do not understand how that decision makes any sense.

It is a shame that the Minister for Employment Relations, Consumer and Postal Affairs is not here, because he signed off the impact assessment with the following statement:

> "I have read the Impact Assessment and I am satisfied that...it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and...the benefits justify the costs".

Never mind the costs of the measure, because there are some things in society that we do not price up and put a market value on—one is the time we spend with our family. That is presumably why the Prime Minister said on 22 January 2010 that he intended to head up the

> "most family friendly Government we've ever had"

[Mr Umunna]

and why, in the lead-up to the general election, the Deputy Prime Minister said:

"We are not casual about the pressure that many parents feel".

The impact assessment is clear, because under the heading "key non-monetised benefits", it says that the measure will improve health and well-being, help employees achieve a better work-life balance and help improve family life. For me and my constituents, that is incredibly important, because we face a problem whereby a minority of our young people are engaging in serious violence. A number of stabbings and shootings are taking place in my constituency almost every month. There are many reasons for that, and there is no one magic solution to resolving these issues, but I am clear that we need to help adults spend more time with their families. Extending the right to request flexible working to parents of 17-year-olds—teenagers in that key group—is essential to helping them provide the guidance that many young people need in my community.

Vince Cable *rose—*

Mr Umunna: I will give way shortly.

I have come to the Chamber from this morning's Treasury Committee sitting, where I asked Jonathan Portes, who until February was chief economist at the Cabinet Office, about this issue. I asked him whether abolishing the right to request flexible working for the parents of 17-year-olds would make a big difference in increasing GDP or growth. He made it very clear that scrapping the extension will "do nothing for growth". I then asked HSBC's chief economist whether he would be revising his GDP figures as a result of the scrapping of the measure, and he told me that he would not.

This measure seems to be a gimmick, which tends to suggest that the Government think that watering down employee rights is a substitute for a properly thought out growth strategy. All the figures I have just presented and all the arguments I have just made for the introduction of the extension, which was planned for April, are in the Government's own impact assessment of the measure. Will the Government think again about it? I grant that they do not and will not accept our arguments to revise their plan for fiscal consolidation, but I suggest that it would be very wise for them to think again on this small measure.

Mr Deputy Speaker (Mr Lindsay Hoyle): I call Gavin Williamson, who has until 5.42 pm—about three minutes. I am sorry about that.

5.39 pm

Gavin Williamson (South Staffordshire) (Con): Thank you for calling me to speak, Mr Deputy Speaker. I am for ever astounded by Opposition Members and their total denial that their party had anything to do with the financial mess that this Government are sorting out. My grandfather always used to say to me, "You spend what you earn and you never borrow on the never-never." The only economics that Labour Members seem to understand are the economics of the never-never—never worrying about how much money they were borrowing and never worrying about how much money they would ever have to pay back.

Ever since I left university in 1997, I have worked in manufacturing. I am proud of that and I am proud that the Government are doing something for manufacturing to reverse the decline we have suffered. It is about time that we had a Government who care about this and who will sweep away the regulations that have stifled manufacturing. When I was running a pottery business, I used to go to many countries across the globe—I can even proudly boast to be probably the only Member of Parliament who has sold chinaware to the Chinese—and whether I was in Germany, Italy or France, the Governments spoke to their businesses and wanted to know how to help them best, minimising regulation and helping businesses to succeed. That is the ethos that I believe has been spelled out in this Budget and it is one that I welcome.

I also want to pass on my thanks to the Chancellor for the fact that he has listened to representations from me and many other colleagues on community investment tax relief. In my constituency, that will help the Black Country Reinvestment Society, an organisation that is helping businesses, giving them small loans to help them grow and prosper. That will have a positive impact and I thank the Chancellor and colleagues on the Front Bench for listening.

This country faces many great challenges, which we have to deal with, and rebalancing the economy is the core one. I believe that this Budget makes strides to achieve that and that it will do so.

5.42 pm

Ian Lucas (Wrexham) (Lab): We have had an important debate this afternoon on a vital subject, following on from yesterday's Budget statement—a statement that, unfortunately, largely followed the course mapped out by the Tory Government, with their allies, in the announcements that they have made in the last year.

I hoped today that the long-trumpeted plan for growth, which has been so elusive as far as the Department for Business, Innovation and Skills is concerned, would be revealed in more detail. We have had the document, but the Secretary of State barely referred to it. In his speech he did not even mention enterprise zones, or provide any more detail or information to expand on the fairly threadbare set of initiatives in the document.

The Government inherited growth and have taken it away, they inherited falling unemployment and have caused it to rise, and they have squandered the low inflation that they inherited. The result, in constituencies up and down the country, is a profound lack of confidence in the future. The prospect of falling living standards is restricting demand, businesses are failing to invest, and as a consequence, joblessness continues to grow. The Government need to recognise the malign effects of their policies, but unfortunately the Budget offers more of the same—the same policies that have taken the country backwards, not forwards.

At least now the Government are talking of growth. They took a long time even to do that, and they have now given us a document, but that document takes us backwards again—back to a Thatcherite prescription for what is wrong with the economy, reheating policies that led to an unemployment count of 3.5 million twice under Tory Governments in the 1980s and 1990s. As we have just heard from my hon. Friend the Member for Streatham (Mr Umunna), the same thing is beginning

to happen again. The OBR has identified that unemployment will be higher than it predicted last year because of the Government's policies.

Lest we forget, the legacy of those years in the '80s and '90s was not success but a wasted generation of young people. What is so depressing about this Budget is the realisation that the Tories have learned nothing from history and intend to repeat it instead—and it is shameful that the Liberal Democrat allies they now have are acting as their accomplices. It makes me sick to the stomach to see the Liberal Democrats being more vehement than the Tories in their defence of Government policy in the Chamber, because they stood on the hustings and told the people who were fooled into voting for them exactly the opposite when they were asking for those people's support.

The proposals put forward by the Government offer nothing new. Even the names bring back memories of the 1980s, with enterprise zones coming back from the dead. Those of us whose politics were defined by the mistakes of the 1980s remember that enterprise zones were not a success then. As Helen Miller, a senior research economist at the Institute for Fiscal Studies, said in response to the Budget:

"Past UK experience with enterprise zones suggests that their main effect may be to cause activity to relocate rather than to create new activity."

We must recognise that the introduction of enterprise zones follows the dismantling of machinery to deliver regional growth. Local enterprise partnerships are still nascent and the Budget does nothing either to resource them adequately or to take them forward any further. They must do their work without assets or resources, and decisions on the allocation of resources are still being made not locally but centrally by the centralised regional growth fund. The hon. Member for Redcar (Ian Swales), who is not here today, pointed out in a debate in Westminster Hall earlier this week that 97% of grants given out by One North East were for less than £1 million, which is below the threshold for securing financial assistance from the regional growth fund. Where will small businesses secure the finance that was previously available to them? We must wait to see the detail of the proposal for enterprise zones, as we did not hear any more detail about them today, but I suggest that there is a vital gap in relation to small businesses, which needs to be dealt with.

The Budget is made in the context of a crisis in the construction industry, but the Secretary of State did not mention that industry in his statement. This week, the Federation of Master Builders reported that the proportion of firms reporting higher work loads fell from 22% in the fourth quarter of 2010 to 19% in the first quarter of 2011. Even this Government have finally recognised that their rhetoric on planning change and localism has had a profoundly negative effect on the construction sector and the housing market. Their move, in the Budget, to introduce a presumption in favour of development is a tacit admission of that fact. Equally, the crisis regarding first-time buyers, which the Government have ignored until now, is real and has had a profound impact. Any move to assist first-time buyers is welcome, but the help for only 10,000 for only one year is, as the Construction Products Association has today pointed out,

"a very modest step and is unlikely to make much of a dent in the 100,000 shortfall of new build that this sector is currently facing."

We hear a lot of rhetoric from the Government about deregulation, but the action is less convincing. We have the "one in, one out" soundbite, but what about the groundwork—the hard work—of taking forward the regulation agenda of the Better Regulation Executive and the Regulatory Policy Committee? Where is the Government's forward regulatory programme? Will what was produced by the previous Government finally come through? I would love to see that programme, because the Government need to come clean about the regulations that are going to be introduced.

Gavin Williamson: Will the hon. Gentleman give way?

Ian Lucas: I do not have any time to give way; I am sorry. I know that the hon. Gentleman had only three minutes, but I have only nine.

We agree that the country needs to rebalance the economy, and that is why the Labour Government set up the Advanced Manufacturing Centre in Rotherham and the National Composites Centre in Bristol. I encourage the Secretary of State not just to reannounce projects that were set up by the previous Government, but to support manufacturing with some projects of his own. We welcome the progress made on the back of favourable exchange rates, but there are worrying signs in leading companies such as Pfizer and Novartis that we may be losing the edge that we previously enjoyed in hi-tech industry. There are real concerns that cuts in our universities sector will threaten our primacy in science.

When this Government set their course last year they made the wrong choice. Labour's plan to reduce the deficit was measured and it was working. The Tory Government's plan is reckless and is not working, a fact evidenced by the ending of growth in the last quarter. The Budget's downgrading of growth figures is also a fact. They have undermined the fundamentals needed to deliver growth—adequate demand and confidence in the economy—and replaced them with a lack of confidence among businesses and consumers. The result is that there is a real risk of slipping back into recession. We believe that the evidence is there to justify the need for the Government to take a different course. They must change course before they create a further Tory—and this time Liberal Democrat—wasted generation.

5.51 pm

The Economic Secretary to the Treasury (Justine Greening): We have had an important and, in many respects, illuminating debate this afternoon. I will try to refer to all the contributions that have been made, but time is short so it will be difficult for me to take interventions.

We have been talking about two halves of a solution to a problem that itself has two halves. The first half of the problem relates to the economy: the imbalance in jobs and a business model for UK plc that was simply unsustainable in relation to the sectors and its regional impact. The second half of the problem relates to what we can do to tackle the huge problem in the public finances and the structural deficit handed over by the previous Government.

The first point to consider is the broken business model that the previous Government created for UK plc, which was simply unsustainable. First, it was

[Justine Greening]

unsustainable in terms of sectors. An uncontrolled boom took place broadly in one sector—financial services—and in one region. During the mid noughties, for every 10 jobs created in the south-east and London, only one was in the private sector and outside financial services, which clearly shows that the previous Government's model simply was not working. That had a huge cost, as my right hon. Friend the Secretary of State for Business, Innovation and Skills has said. Since 1997 manufacturing has been halved and lost two fifths of its work force, and exports from the UK fell behind the rate of growth seen in the rest of the world. Meanwhile, household debt ballooned. We had a huge property bubble that was worse than the USA's. As the shadow Chancellor knows very well, he allowed the banking sector to get dramatically out of control. The sectors across the UK economy were totally unbalanced, and we need to change that.

Secondly, the imbalance was regional. There was huge job creation in the south-east, but what about the rest of the country? That shows why we are right to make proposals in the growth review for enterprise zones, and I very much hope that Opposition Members will not allow their political prejudices to get in the way of their local communities being able to ask to be part of the enterprise zones as they are developed.

On the public finances, I listened to the hon. Member for Hayes and Harlington (John McDonnell), with whom I have previously made common cause on other issues. I have great respect for him and for his consistency, but I must say that on this occasion I disagree with his analysis of what we need to do, which seems to be broadly in line with that of his party. What is their solution in a boom? It is to spend more. What is their solution in a bust? It is to spend more. That simply is not a sustainable way to run an economy. In fact, the previous Government left our country and our people weighed down with public debt after maxing out the nation's credit card. They eventually decided that they did not support tackling the deficit now. Instead, we hear from the shadow Chancellor today that he wants to do that later. He wants to pass on Labour's debt to our children and grandchildren, which is totally unacceptable.

The hon. Member for Derby North (Chris Williamson) talked about decline, but what does he think happened under the previous Government? He should go and talk to people in manufacturing who saw their own competitiveness decline dramatically.

My right hon. Friend the Secretary of State for Business, Innovation and Skills and my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman) talked about the utter denial that still exists among the Opposition, about not just the deficit and the public finances, but their thoroughly broken approach to running the UK economy. There was no humility or apology for any of that, as my hon. Friend the Member for Sevenoaks (Michael Fallon) said, and the fact that there is no recognition of the problem surely means that there will never be any solution from the Opposition.

The right hon. Member for Wolverhampton South East (Mr McFadden) seemed to think that we could suddenly wish away those problems and get over them incredibly quickly, but the challenges that the Labour party left this Government—two parties that have come together to work in the national interest to sort out that huge mess—will take some time to be met. There will be no quick fix, but we have early, immediate and continuing steps to resolve the problems that have been left for the UK economy and for our people.

We took immediate steps in the spending review and in the emergency Budget to lift people out of income tax. The hon. Member for Washington and Sunderland West (Mrs Hodgson) seemed quite dismissive of them, but I hope that she will not vote against them when the time comes. We took steps in the spending review to bring public spending back under control, and yesterday we took the next step, which was a Budget for reform and recovery and a growth plan to rebalance our economy and put growth and sector issues back on a sustainable footing.

Opposition Members seemed to suggest that we have not talked to business, but we have actually had more than 1,000 meetings, and if they look through the growth review and "The Plan for Growth" they will see that we have taken well over 100 steps to help businesses throughout Britain. Our message to them is that Britain is open for business.

We will have the most competitive tax system in the G20; we will make sure that Britain is the best place in Europe to start, finance and grow a business, which, as my hon. Friends the Members for East Surrey (Mr Gyimah) and for Skipton and Ripon (Julian Smith) said, is absolutely critical; we will have a more balanced economy by encouraging exports and investment; and we will have a more educated work force, who are the most flexible in Europe. Those are the ingredients for a rebalanced economy that creates sustainable jobs.

The hon. Member for West Bromwich West (Mr Bailey) did talk about jobs, but if he is concerned he should read the OBR report to the end, because it clearly says that our plans are projected to create a net 1 million jobs over this Parliament. I hope that Members from all parts of the House will support that. By the time we have finished, we will have a corporation tax rate lower than America's, France's and Germany's, giving us the lowest rate in the G7.

Our second ambition is to make sure that Britain is a great place to start, finance and grow a business. In the World Economic Forum global competitiveness index, we fell from fourth to 12th. The shadow Chancellor breathes out in frustration at me reading out that statistic, but it is absolutely true, and we have had to combat it by abolishing £300 million of regulations and by introducing a moratorium, exempting businesses employing fewer than 10 people from new domestic regulation for the next three years. But, we are going to go further than that. To stimulate growth, we will double entrepreneurs' relief and help SMEs by extending the small companies business rate relief for an extra year. We are doing our bit to help business, and I wish the Opposition would support that.

We have a whole range of plans to support different sectors, but manufacturing is crucial to rebalancing our economy, as my hon. Friend the Member for Erewash (Jessica Lee) and the hon. Member for Solihull (Lorely Burt) said. One reason why our economy became so unbalanced, and so regionally unbalanced, was the skew towards financial services, and we have to encourage other parts of our economy to grow, so we will do what we can to help manufacturing in particular.

On enterprise zones, the boom left too many communities behind, and we are determined to ensure that as our economy grows, the communities that can benefit most from that will do so.

Our country should never again have to accept the economic decline that has taken place over the past decade —an irresponsible boom and bust, and an unbalanced economy that overheated and took our country to the brink of bankruptcy. The shadow Chancellor was at the heart of the decisions that were so catastrophic for our country: selling gold, PFI arrangements, structural deficit and catastrophic bank regulation. His utter denial of the role that his Government played in leading our country so near to ruin will leave the British public shocked and utterly bewildered as they watch this debate.

In conclusion, this Government are looking to right the wrongs of the past. Where others have failed, we will succeed.

6 pm

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed on Monday 28 March.

Business without Debate

DRAFT DEFAMATION BILL (JOINT COMMITTEE)

Resolved,

That this House concurs with the Lords Message of 23 March, that it is expedient that a Joint Committee of Lords and Commons be appointed to consider the draft Defamation Bill presented to both Houses on 15 March (Cm 8020).

Ordered,

That a Select Committee of six Members be appointed to join with the Committee appointed by the Lords to consider the draft Defamation Bill (Cm 8020).

That the Committee should report on the draft Bill by Tuesday 19 July 2011.

That the Committee shall have power—

(i) to send for persons, papers and records;

(ii) to sit notwithstanding any adjournment of the House;

(iii) to report from time to time;

(iv) to appoint specialist advisers; and

(v) to adjourn from place to place within the United Kingdom.

That Sir Peter Bottomley, Rehman Chishti, Chris Evans, Dr Julian Huppert, Mr David Lammy and Stephen Phillips be members of the Committee.—*(Bill Wiggin.)*

PRIVATE MEMBERS' BILLS

Motion made,

That, notwithstanding the provisions of Standing Order No. 14(4), Private Members' Bills shall have precedence over Government business on 9 September 2011, 21 October 2011, 25 November 2011 and 20 January 2012.—*(Bill Wiggin.)*

Mr Deputy Speaker (Mr Lindsay Hoyle): Since there is an amendment not supported by the Member in charge, I will follow the practice of my predecessors and treat it as an objection to the motion. Objection taken.

Maternity Services (Hastings)

Motion made, and Question proposed, That this House do now adjourn.—*(Bill Wiggin.)*

6.1 pm

Amber Rudd (Hastings and Rye) (Con): I am worried and my constituents are worried. There are many issues that Members of Parliament campaign on in their constituencies, but those to do with health provision must be the most important. We can all agree that maternity services deserve to be a high priority in health planning. This is about the safety of mothers and babies.

Our hospital in Hastings, the Conquest, has a full-service, consultant-led maternity unit. Within East Sussex Hospitals NHS Trust, which we are part of, Eastbourne also has a full-service maternity unit. Four years ago, it was proposed that one of those units should close, and that we should have one midwife-led service and only one full maternity service for the area. The community rose up in arms. We campaigned in our thousands. We marched with babies and with prams. Every local MP objected, and we did not let up until we won—and win we did. I would like to pay tribute to the able, determined and dedicated campaign leaders, Margaret Williams and Liz Walke.

In September 2008, the decision was made by the Independent Reconfiguration Panel, which advised the then Secretary of State for Health, that both units should stay open with their full service. The chair of the IRP said:

> "The needs of local women and their families were at the heart of this review...we concluded that women's access to and choice of services would be seriously compromised if the proposals were implemented."

The campaigners already knew that, but we were reassured and, indeed, jubilant that the final decision makers also took that view. This was nearly three years ago. Some people might, ask "What's the issue now?" or "Why are you campaigning when there is no formal proposal for closure of either units currently on the table?" They would not share my concern—my unease—about the latest information coming out of East Sussex Hospitals NHS Trust. It is being signalled that there may be change in the air. It is not change itself we are frightened of, but the possible outcomes for mothers and babies.

The Care Quality Commission visited both hospitals in February this year, and it has raised concerns about the maternity services. The hospital trust, to its credit, was swift to contact stakeholders and MPs to inform them of this and to reassure us that action was immediately being taken to ensure high standards of safety and to address the concerns that the CQC had raised. I would like to thank the chief executive of the trust, Darren Grayson, for his swift action in disclosing this important information. I must confess, however, that we are not entirely reassured. We, the campaigners—my constituents—are still worried. I am not reading any motive or plan into the trust's response to the CQC; I am simply here to highlight, once more, that the outcome of these concerns must not lead us down the very road we have travelled before—namely, having to protect our full-service maternity units.

We do not want to stick our heads in the sand. If there ~~are~~ problems with the maternity units that might impact on safety in any way, we must address them.

[Amber Rudd]

However, this must not be a shortcut back on to the damaging road of trying to shut one of our units. We will not accept that. I urge the trust not to present that as the answer to the current problems. I would like the Minister to consider that in her response.

There are other answers, and they are in the very problem that the trust is highlighting—namely, staffing. The original decision to maintain both units urged the trust to address the issue of staffing by getting the right and safe mix of experience and qualifications among the doctors and consultants. The report of three years ago accepted that staffing was a problem, but critically it urged the PCT to

"consider alternative staffing models which have not been explored so far".

It stated:

"It is incumbent on the local NHS to explore the potential of these roles to develop midwifery careers and support doctors' roles locally."

It agreed that there was a problem, but urged the local NHS to develop a strategy to deal with it. But here we are. As was anticipated by the report three years ago, we have a staffing problem that may be impacting on the service, and in such a way that doubt is once more being cast on the viability of having two full-service units.

Each hospital handles about 2,000 births a year. I am pleased to say that the strategic health authority recently commissioned an external head of midwifery to review midwifery, leadership and staffing levels, and she confirmed that the trust was safe. The latest annual regional report also praised the trust for having the lowest caesarean section rates in the region, thereby supporting women to experience a normal birth.

Eleven consultants cover both sites, and we have our designated number of junior doctors. However, we are short of middle grade doctors. There should be eight at each site, but there are only seven at the Conquest hospital and six at the Eastbourne district general hospital. The gap is filled by locums, which is expensive. An agency locum costs approximately £79 per hour, which equates to £18,000 per agency doctor per month, as against a trust doctor, who costs approximately £9,000 per month. In these times of increased pressure on funds, even though NHS funding is ring-fenced the NHS is still being asked to make efficiency savings and to improve services. The locum costs are therefore an unpleasant and substantial addition to the hospital overheads.

Unfortunately, the staffing issue is exacerbated by the European working time directive. I know that the arguments against the directive for parts of the medical profession are being examined, but in the meantime the outcome of restricting working time to 48 hours per week simply puts yet more pressure on the staffing levels in these units.

I appreciate that some might say that I am panicking early. We have been reassured by the trust's chief executive that there are currently no plans to close either unit, and a consultation is about to be launched on how to maintain a top service at both units. In this reassurance, there is a sting. It signals that the challenges of staffing may require a change. I fear that that could include the closure of one of the units. We must not let that happen.

The town of Hastings in my constituency has high levels of deprivation. Its teenage pregnancy rate is one of the highest in the country and, as we know, this country has the highest rate in Europe. Some 22% of its residents are in the bottom 10% according to assessments of deprivation. Local doctors, to whom I speak regularly, tell me that young women can be reluctant to attend antenatal classes and often miss their appointments. These are the women who may encounter unforeseen difficulties, and who may need a full-service maternity unit at their hospital. They are not the women who are likely to hop in their car to go to Eastbourne for their check-up. In fact, in many parts of Hastings car ownership is running at only 40%, so many would have to rely on the local bus services and the local roads. If the maternity service were closed, it would effectively put up barriers to safety for that group of young women.

I wish to say a word about the local roads, on which I hope to secure a separate debate. If we look on the map, we see that Hastings is just over 20 miles from Eastbourne, and the AA tells us that the journey can be done in approximately 20 to 30 minutes. It is quite wrong. It is in fact the equivalent of a 40 or 50-mile journey elsewhere, and in my experience it takes at least an hour. The Royal College of Obstetricians and Gynaecologists recognises the need for investment to support smaller units, such as ours, where there are significant distances involved. That is what we have in Hastings and Eastbourne—because of the nature of the roads, the towns are a significant distance apart.

Those of us who campaigned on the issue before know the arguments well, but we are up against what feels like the establishment. It is creating a tide that pushes us one way—to super-size maternity units, beloved of managers and some doctors but not particularly of mothers. Expectant women want choice, safety and accessibility. I can quite understand management's preference for large units. It is easier to manage a larger group of people, more efficient for those delivering the service, more convenient for the consultants who are in overall charge and more flexible for training junior and middle-ranking doctors. However, we must not let the one-size-fits-all principle dominate our maternity services. We must remain aware of local issues that are relevant to any changes in configuration. In Hastings, I have mentioned geography, deprivation and the particular needs of some of the youngest, most vulnerable mothers in my constituency.

Although I speak up for the residents of my constituency, I urge the Minister to pay attention to the trend of addressing staffing issues in hospitals by moving towards super-sized units, particularly maternity units. "Bigger is not necessarily better"—that may sound like an extract from a nursery rhyme, but it is actually part of the name of a highly respected paper about the centralisation of hospital services. Even the well respected King's Fund questions the assumption that outcomes are improved in bigger units.

Despite the conflicting views about smaller or larger maternity units, one thing is clear: the staffing issue is about preparing and planning. That was highlighted to the health trust more than three years ago in Hastings. We must demand more from our trust now, and we do not accept that closure should be considered for either of our full-service sites. We need the complete service. We need in our communities the delivery of a safe, efficient local service, for the continued delivery of safe and healthy babies.

6.13 pm

Stephen Lloyd (Eastbourne) (LD): I thank my hon. Friend the Member for Hastings and Rye (Amber Rudd) for giving me an opportunity to speak in her Adjournment debate. I concur with everything that she said. I will take a limited time, because we want to listen to the Minister, but I wish to focus on a couple of separate matters. I add that my hon. Friend the Member for Lewes (Norman Baker) expressed specific concerns to me this morning, because many of his constituents in Polegate and Seaford use the district general hospital in Eastbourne.

I feel as though I have walked about 150 miles over the past few years for the "Save the DGH" campaign. It was an enormous, cross-party campaign with cross-community support, led in Eastbourne by a splendid lady, Liz Walke, and in Hastings by Margaret Williams. They are two fantastic, community-focused individuals who did a superb job in rallying their towns and all the political parties.

I shall quickly make a couple of points. I have never been a conspiracy theorist, but there is an exception to every rule. Just because I do not believe that there are conspiracies everywhere does not mean that they cannot sometimes exist. I have some good contacts in the district general hospital and I spent eight and a half years working in Eastbourne before gratifyingly winning the seat in the general election last year. I have developed some good contacts in the trust and, sadly, I must tell the Minister that I believe that the single-siters who originally wanted to move to one consultant-led maternity service have not gone away, despite being turned down by the Independent Reconfiguration Panel. I am afraid that they have used the pretext of the Care Quality Commission report to begin the process of moving to a single site.

As soon as we heard that, we were very active and we blitzed the media for 10 days solid. I believe that that led the trust's chief executive to say that there were currently no plans to close one of the maternity wards even temporarily. The blunt reality is that there were such plans.

My hon. Friend the Member for Hastings and Rye mentioned middle grade doctors. Around the country, more than 30 different trusts with maternity wards deliver an outstanding quality of service without eight middle grade doctors. The issue is a smokescreen, I think that it has been seen as such and I will not tolerate it. I ask the Minister to speak to the trust board, expressly remind its members of the content of the IRP report and tell them to consider seriously options other than middle grade doctors. I think that this last option suits some of the consultants rather than the patients.

I am terribly keen to hear the Minister's comments, so I will finish with a quote. I wrote to the IRP within 24 hours of the issue blowing up again two weeks ago. The other day, I got a response. For *Hansard*, I shall quote from it. It states:

"Dear Mr Lloyd...

As you note, in July 2008, the IRP completed a full review of the proposals to close the Eastbourne obstetrics service and advised that the case to do so had not been made. The IRP also made recommendations about what further action should be taken, all of which were accepted by the then Secretary of State for Health in making his decision."

I urge the Minister to assist my hon. Friend the Member for Hastings and Rye and me to keep an eye on the trust over the next few months and years because we, my hon. Friend the Member for Lewes, and thousands of residents in Eastbourne and Hastings are not prepared to countenance in any way, shape or form the closure of either of the consultant-led maternity wards in Eastbourne.

6.17 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): I congratulate my hon. Friend the Member for Hastings and Rye (Amber Rudd) on securing the debate. There is no more important issue for a politician or, indeed, a politician's constituents than the health services available in their constituency. My hon. Friend spoke with passion about her concerns and those of her constituents. I note that she and the hon. Member for Eastbourne (Stephen Lloyd) paid tribute to Margaret Williams and Liz Walke, the campaigners from last time. They must have a heavy heart listening to or reading tonight's debate. I do not think that my hon. Friend is panicking early. She is doing exactly what is right: highlighting early her concerns and fears in the light of some vigorous campaigning three years ago.

I would like to join my hon. Friend, as I am sure other Members for the area would, in paying tribute to the NHS staff in her constituency for their hard work and dedication. In common with NHS staff throughout the country, the health and well-being of the public is their driving motivation day in, day out. It is not an easy time for them, and we should not lose sight of that. The Government will support them and ensure that they have the power to provide people with the health outcomes that are consistently among the best in the world.

It would be remiss to pretend that the NHS is free from problems. It is right for people to be concerned when they see something going wrong. I can therefore understand why people in Hastings may have been anxious following the Care Quality Commission's recent inspection. As my hon. Friend knows, the commission found that inadequate staffing was putting patients at risk, and that that affected the quality of services being provided in the maternity units and in A and E. From the very beginning, the Government have made it clear that safety must be at the heart of the NHS, and that substandard care will not be tolerated. I trained as a nurse and worked in the NHS for 25 years, and from my point of view, nothing but the best well do for the people of this country.

We expect the trust to work hard to resolve the issues raised, and my hon. Friend spoke quite warmly of its response. I understand that it is working closely with the PCT and the strategic health authorities to address the issues by 31 March. I hope and expect that it will meet that deadline.

My hon. Friend spoke of her constituents' fears that the CQC's concerns about the safety of the local maternity units will lead to the Conquest's consultant-led maternity service being closed, and of the previous campaign on that. My constituency is not so very far away from hers. My constituents were also victims of "Creating an NHS fit for the future", which I felt at all times was fit only for the bin.

[Anne Milton]

I know that in 2008 the independent review panel advised the then Secretary of State for Health that consultant-led services should be retained in both Conquest and Eastbourne hospitals. Both my hon. Friend and the hon. Member for Eastbourne felt that that would be an end to matters, and I understand why people in East Sussex now worry about a new threat.

I gather that East Sussex Hospitals NHS Trust has sought to calm those fears by stating publicly that there are no plans for the closure of either maternity unit. However cynical we might become when we have campaigned over time on local issues, we must take what we hear at face value and believe it. I am also aware that the trust has advised local MPs that it will look at various options for the future of maternity services, and that those services will be linked closely to paediatrics, emergency services and gynaecology. The review will have input from external clinical experts, which is crucial for the confidence of local people. Irrespective of their cynicism, it is important to stress that no decision has been made in advance, and that the trust has no plans to close any of the units.

However, I understand the concerns of local people and my hon. Friend. Whatever decisions are made, they must be guided by the trust's principal responsibility to provide high-quality and safe care. Decisions must be made in an open and transparent way, with the involvement of GP commissioners, staff, patients and public, and with full, real and meaningful consultation. As she knows, I cannot speculate on or prejudge the optimum size of the unit or the outcome of the exercise.

It is right that decisions are made locally without central interference. The Government believe passionately that local decision making is essential in improving outcomes, and in driving up the quality and sustainability of services for different communities. My hon. Friend ably highlighted some of the deprivation and health inequalities in her constituency.

To that end, the Health Secretary has identified four crucial tests that all service changes must pass: they must have the support of GP commissioners; arrangements for public and patient engagement must be strengthened; there should be greater clarity on the clinical evidence base underpinning any proposals; and any proposals must take into account the need to develop and support patient choice, which my hon. Friend mentioned. That means that service changes that do not have the support of GPs, local clinicians, patients and the local community should not happen, which gives patients, local professionals and local councils a far greater role in how services are shaped and developed, and ensures that changes will lead to the best outcomes for local people. That is in line with our proposals in the Health and Social Care Bill, in which we have said that local NHS services must be centred on patients, led by local clinicians and free from political interference, whether from this House or the various layers of NHS management.

My hon. Friend raised, in particular, the working time directive. The coalition Government are committed to limiting the application of the directive in the UK. It has caused immense problems in the health service, and the Health Secretary will support the Secretary of State for Business, Innovation and Skills in taking a robust approach to future negotiations on the revision of the directive to achieve that greater flexibility.

I also draw my hon. Friend's attention to the King's Fund paper that questions the assumptions that outcomes improve in bigger units. The King's Fund is right that an effective skills mix is important to get the best out of maternity units, and the Department of Health has commissioned the national perinatal epidemiology unit to undertake a study comparing the outcomes of births planned at home, in different types of midwifery units and in hospital units with obstetric services. That report is expected in autumn 2011 and will be very important in providing the evidence for further action on choice of place of birth.

I fully understand my hon. Friend's reasons for calling this debate. She is right to raise the matter at this very early stage, so that local people are clear that they are getting the support from their local MP—that was quite apparent from the passion with which she spoke—and so that all those working in the health service are aware of her close involvement. I applaud her determination to press for local health services that best meet the needs of patients, and to ensure that whatever measures are taken, following the CQC report and this review, the overriding concern of those services must be the interests of the local people.

Question put and agreed to.

6.26 pm

House adjourned.

Westminster Hall

Tuesday 15 March 2011

[JIM DOBBIN *in the Chair*]

Quilliam Foundation

Motion made, and Question proposed, That the sitting be now adjourned.—*(James Duddridge.)*

9.30 am

Paul Goggins (Wythenshawe and Sale East) (Lab): You will realise from my dulcet tones, Mr Dobbin, that I am struggling with my voice this morning, but I hope at least to get to the end of my introductory remarks. It is good to see you in the Chair. This morning's debate takes us to the heart of an important issue in which I know you are interested, as are many hon. Members on both sides of the House. I am pleased that so many from both sides are already present, and am particularly pleased to be joined by my right hon. Friend the Member for Salford and Eccles (Hazel Blears). She speaks on these issues with considerable experience, as a former Minister with responsibility for police and counter-terrorism and a former Secretary of State for Communities and Local Government. She learned a great deal in both those roles and I look forward to hearing her comments later.

This debate takes us to the heart of a complex and crucial issue, namely, the need to take on the extremist ideology that underpins the activities of those who are opposed to our society and seek to destroy it. I want to keep my remarks and the debate simple, because what is at stake right now is the future of an organisation that is playing a vital role within that debate. My straightforward request, which I seek to put as constructively as I can to the Minister, is that transitional funding of £150,000 be made available to the Quilliam organisation, which will fold in the next few days unless interim support is made available. Although I realise that a debate in Parliament is not the time for line-by-line negotiation of every aspect of an organisation's budget, I hope that, by the debate's conclusion, the Minister will have given us cause to hope that a resolution will be found to the problem and a way forward established.

Five weeks ago, the Prime Minister made an important speech at the Munich security conference. He argued that we need to differentiate between Islam—the world religion that teaches and practises a belief in peace and a loving God—and Islamist extremism, a political ideology which is opposed to western democracy and is linked to and underpins terrorist violence. He explained that radicalisation is a process that turns non-violent Islamists into people who are prepared to kill human beings, including themselves, in pursuit of their perverted ideology. The Prime Minister pointed out that vulnerable individuals become terrorists not overnight, but as a result of the constant pressure placed on them, whether in internet chat rooms, in prisons or, indeed, on university campuses. He went on to state that we need to work with Muslim-led organisations that are willing to confront that Islamist ideology, provided that, at the same time, they defend human rights, equality and integration. He said:

"So let us give voice to those followers of Islam in our own countries—the vast, often unheard majority—who despise the extremists and their worldview. Let us engage groups that share our aspirations."

I agree very firmly with what the Prime Minister said.

Quilliam is a secular think-tank that was set up in 2008 by two former Islamist extremists, Ed Husain and Maajid Nawaz. Since then, it has become a unique centre of knowledge of such extremism. It is not an exaggeration to say that its research and networking have had at least as great an influence on the debate about Islamist extremism and terrorism as any other organisation in the UK. It has gained an international reputation for its work. It is interesting that, this very morning, an important conference on counter-terrorism will be addressed by the Minister for Security, Baroness Neville-Jones. Further down the agenda, a senior spokesperson from Quilliam will speak about the same issues and agenda as a senior Government Minister.

Controversy is, predictably enough, never far away from such an organisation. It has made enemies as well as friends. Those associated with Quilliam face considerable threats and abuse as a result of the stance that they take. Quilliam was initially funded by money from private donors in the Gulf. However, that money was withdrawn when Quilliam's founders publicly criticised Yusuf al-Qaradawi and the use of suicide bombings against Israeli civilians. After that, Quilliam began to receive money from the Home Office and the Foreign Office under the Prevent programme. Quilliam always intended to become financially self-sufficient and was close to achieving private funding on two occasions, only to lose it at the last minute—first, as a result of the credit crunch, and secondly, because of the 2009 uprisings in the middle east.

The money given to Quilliam by the Government has had an immediate and visible impact. Quilliam is one of the few Muslim-led organisations willing to confront extremism directly, to name and shame extremist organisations, and to remain unequivocal in its defence of British values, including free speech, freedom of religion, gay rights and respect for others.

Quilliam has been the most vocal Muslim-led organisation to condemn, without equivocation, suicide bombings and acts of terrorism, and to challenge extremist groups in the United Kingdom. Its bold approach has paved the way for other Muslim groups throughout the United Kingdom to follow suit. By acting as a leader within Britain's Muslim communities, Quilliam has encouraged other Muslim groups to initiate real debates about issues such as terrorism, religious belief and secularism.

A few days ago, for example, Quilliam issued a statement publicly defending Usama Hasan—a progressive London imam who received death threats for stating his belief in evolution—and criticising the total silence of the Muslim community in the face of the threats against him. The statement encouraged more than a dozen major British Muslim organisations to issue their own statements defending Hasan and his right to free speech.

Quilliam's staff and supporters make regular media contributions to mainstream UK programmes as well as to specialist Islamic TV and radio outlets. Their statements demonstrate clearly that not all Muslims are extremists. They also challenge Islamist extremists within their own core constituency. In my experience, no other Muslim-led group in the UK does that more effectively.

[Paul Goggins]

As the middle east and Pakistan face ever greater turmoil, I believe that Quilliam can make an important contribution, both to our understanding of what is happening and the forces at work, and to the development of a narrative that counters the extremists. Quilliam can also help to challenge Islamist extremism here in the United Kingdom. It has already done much to influence the debate and get the message across to the British public that the vast majority of Muslims are also against extremism. There is particularly important work to do in that regard with young Muslims, who may be disillusioned, concerned about, and fed up with the world around them, and who may be attracted by the perverted ideology of the extremists. We have to make sure that that is countered, and organisations such as Quilliam are in an ideal position to do that.

Mike Gapes (Ilford South) (Lab/Co-op): I have known for some time some of the people involved in Quilliam. My right hon. Friend has mentioned Pakistan, and one of the things that I have found valuable is a report published by Quilliam about a year ago about the radicalisation going on in Pakistan. The organisation was prepared to go to Pakistan and engage with young people in its universities, and to explain to them the realities of British Muslim life. Very few other organisations in this country are prepared to do that, and to do it without a destructive political agenda that feeds prejudices. Quilliam was challenging prejudices, which is in our national interest. It is, therefore, vital that we continue supporting Quilliam.

Paul Goggins: I am grateful for my hon. Friend's intervention. He is a great authority on the issues and has an association with Quilliam—as he has said, he knows some of the people involved. He has raised an important issue. In fact, Quilliam has been involved in establishing a Facebook site called Khudi, which has 40,000 subscribers in Pakistan. There are young people listening to the liberal values and arguments being made through that Facebook page. Quilliam is taking the argument into parts of the world where we would find it impossible as individual politicians or, indeed, Governments to advance arguments that would be listened to with any credibility. I pay tribute to Quilliam for doing that work and thank my hon. Friend again for his intervention.

We will soon learn the conclusions that the coroner has reached in the 7/7 inquest. Whatever findings and recommendations she makes, we cannot escape the fact that those responsible for the bombs were a part of our community. We must ensure that there is no room for retreat into denial about extremism. Like my right hon. Friend the Member for Salford and Eccles, I was a Home Office Minister when the 7/7 bombs went off. In the months that followed, she and I travelled the length and breadth of the country in a effort to engage with the Muslim community and encourage it to face up to the minority in its midst that had adopted an extremist ideology and was intent on the destruction of our way of life and the values that underpin it.

I learned a great deal from those many encounters, but the most important lesson I learned was that it would not be me who could persuade young Muslims away from those who would try to radicalise them and turn them into extremists; it must be people within the wider Muslim community itself who do that work. Our job—whether as Ministers, other politicians who are interested in the issue or, indeed, non-governmental organisations—is to empower and encourage people within the Muslim community to do such work for themselves. That was the most important lesson I learned.

Patrick Mercer (Newark) (Con): Like me, I am sure that the right hon. Gentleman remembers sparring over this issue in relation to the Prevent strategy and the rights and wrongs thereof. However, the Quilliam Foundation is based on not just common sense, but the historical precedent of using those who were opposed to spread the message back to our opponents. That is a very valuable tool; it is not unique but it is an extraordinary tool. I am sure that the right hon. Gentleman would agree that that must not be allowed to perish.

Paul Goggins: I am grateful for the hon. Gentleman's intervention. He and I have sparred over many issues, including this one. I have a great measure of agreement with him when we debate such matters. Those who speak with not just knowledge, but experience do so with additional credibility and in a particularly powerful way. We cannot afford to lose the experience that is contained within the Quilliam Foundation. I hope that my remarks and arguments—and those that will be made by others later in the debate—will persuade Ministers not to give a blank cheque to the organisation, but to provide sufficient funding to enable it to survive the immediate future and provide its own sustainable funding in the long term.

I was describing the core of the important work that Quilliam does by supporting, encouraging and empowering those within the Muslim community to take this work forward for themselves. Again, I say that I am not asking for a blank cheque. Indeed, I support the strong argument that Quilliam should get out of Government funding in the longer term because that will add to its sense of independence, credibility and power within the Muslim community. In the long run, that is a sensible way forward, but we need an interim solution that will enable the organisation to survive these next few days and weeks.

Quilliam has not simply sat there and demanded money; it has taken difficult decisions in recent days to make its sustainability more likely. It has reduced staff numbers from 14 to six and has made eight staff redundant. Clearly, those are very painful decisions, but Quilliam regarded them as necessary in the circumstances. The small team that remains at Quilliam is working flat out on funding bids to charitable trusts and other funding organisations. It currently has a number of funding bids in but, as hon. Members know, charitable trusts do not deal with funding bids every day of the week; they have their own cycle and programme for deciding such things. Quilliam needs some time to allow those organisations to consider the bids and to respond, I hope, positively. Another important recent development has been the granting of charitable status to Quilliam in the United States. I hope that that will open up more avenues of potential financial support for it in the longer term.

I would also like to inform the Minister that Quilliam has actively been looking for smaller more affordable offices, which is also an important way of reducing the

organisation's overhead costs. Quilliam is not sitting there expecting a blank cheque from Government; it wants independent funding and it is prepared to reduce its costs. However, at the moment, it faces a real crisis. The request is simple enough. In December, Quilliam was told that there would be no more core funding in 2011-12. Three months is just not long enough for an organisation to move from core funding to project funding. We need a more flexible approach. A grant of £150,000 to cover the year ahead should be made. That is a reasonable investment in the kind of project I have been describing. After that, Government funds should be available only for specific projects that are agreed.

I hope that such an approach will find support from all parties this morning. It is certainly supported by Lord Carlile who, of course, is regarded by many as the expert in this area of public policy. He has made it clear in the media and personally to me that he supports having a transitional grant that would facilitate survival and then a path towards sustainable, independent funding. Quilliam is prepared to confront Islamist extremists. We should be prepared to ensure that it remains in business.

9.46 am

Tom Brake (Carshalton and Wallington) (LD): I congratulate the right hon. Member for Wythenshawe and Sale East (Paul Goggins), who has put forward a strong and effective case. He has made a very specific proposal that £150,000 should be provided by the Government. He made it clear that it should not be a blank cheque and specified that the funding would be for 12 months starting next month. What he did not do was to set out precisely what conditions and objectives might be attached, perhaps because he cannot conduct negotiations on Quilliam's behalf, or he does not want to conduct negotiations here. He indicated clearly that at the end of the 12-month period, Quilliam would have to be self-financing, albeit perhaps having secured grants from Government for specific projects. However, other conditions might have to be attached if the Government were minded to go down that route.

The right hon. Gentleman made it clear that today's discussion on the future funding of Quilliam is not just about the funding streams of that UK-based think-tank; it is about the Government's current and developing policy stance on counter-terrorism—what we fund and why and how we should continue to move forward post-Prevent. Is our nation's security to be based on ideology and on which groups emphasise or downplay certain aspects of Islam, or on reality and on the evidence of policies that have worked and continue to produce results?

As the right hon. Gentleman said, Quilliam's funding streams are well documented and a loss of substantial funding early in its inception led to its being funded by the Foreign and Commonwealth Office and the Home Office, which illustrates exactly why there is a need for Quilliam to continue. It lost funding by being vocal in opposing extremism in whatever form and from whatever source. As he said, a funder withdrew support early on in Quilliam's life as a reaction to the organisation's stance against suicide bombings in Israel. Quilliam's public stance on that issue was not particularly to do with Islam, but it was part of its consistent, clear and vocal opposition to all forms of terrorism. However, the resultant situation—Quilliam being funded largely by two Departments—clearly raises issues about bipartisanship and credibility.

Quilliam is not the only organisation that publicly and vociferously challenges extremism in all its guises, whether anti-Jewish, anti-Islam or anti-western; nor is it the only organisation in which former extremists have played an active part in educating peoples, Governments and policy makers on how to recognise and counter the type of radicalisation that results in extremist behaviours. The Street project in Brixton was previously funded by Prevent and has also experienced funding cuts. It is a non-sectarian group that works from a mosque and does measurable work in combating the kind of radicalisation that can lead to extremism. Similarly, the Cordoba Foundation has produced projects with a focus on preventing radicalism from becoming extremist action. In about a week's time, an initiative called "Learning to be a Peacemaker" will be held in this place by an organisation called Initiatives of Change, which is also working in that field.

It is true, however, that Quilliam is distinct and unique in important respects. It is the only organisation that challenges extremist views and activities by effectively straddling both the Muslim perspective and the liberal, secular, mainstream vernacular of modern Britain. It represents the swathes of British Muslims who are Muslim by birth and culture first and foremost, but who understand and adhere to the division between Church and state, which is second nature to mainland Britain. Quilliam sits within the diverse and, at times, conflicting dialogue about Islam that is both acceptable and normal practice among faith-based Muslim groups, but unlike any other organisation of its size and impact, Quilliam also sits comfortably within the traditional western liberal dialogue, which separates to a large extent the personal faith of individuals and the secular, cultural interpretation of those personal faiths.

As the right hon. Member for Wythenshawe and Sale East set out, Quilliam started life as a think-tank, but the very nature of its work—outreach in universities, and research and policy advice—is much more akin to that of an effective and proactive non-governmental organisation. Quilliam's vocal stance against terrorism that claims to be inspired by Islam has had solid results, which are measurable. Accurately signposting Government to specific individuals with an inclination for extremist action is invaluable in our fight against terrorism. As the right hon. Gentleman said, it remains one of the few groups—occasionally the only group—that consistently challenge and publicly condemn terrorism, from whatever source. As it sits within the Muslim dialogue, it has first-hand access to, and shared understanding of, the dialogues taking place at grassroots level and online that can lead to extremist action. That position is unique and invaluable to the Government's fight against terrorism.

However, the criticism levelled at Quilliam, and indirectly at the previous Government for funding the group, is worth examination and raises important questions that need to be addressed in relation to any decisions about funding. The first is about its perceived dominance of the mainstream view. Many individuals and organisations are discouraged by an organisation that purports to be the arbiter of what is, or is not, mainstream. That is further complicated by the coming to light of a list produced by Quilliam that seems to many to suggest

[Tom Brake]

that some other Muslim organisations, which consider themselves mainstream, are breeding grounds for civil unrest because of ideological perspectives shared to a greater or lesser extent with radical extremist groups.

Dr Julian Lewis (New Forest East) (Con): The hon. Gentleman makes a serious point. However, is it not the case that when taking part in an ideological battle, all groups describe themselves as mainstream? Indeed, even Islamist extremists describe themselves as mainstream, because they are trying to say that everyone who disagrees with them is an apostate. There is nothing unusual, therefore, about Quilliam at one end of the spectrum calling itself mainstream, while other groups at the centre of the spectrum call themselves mainstream, and groups on the radical Islamist end of the spectrum call themselves mainstream. That is not really a valid criticism.

Tom Brake: The hon. Gentleman is very experienced in these matters. Maybe on that particular point we will have to disagree on whether my comment is appropriate.

The funding of a think-tank by the Home Office and the Foreign and Commonwealth Office will inevitably contribute to a perceived lack of plurality of voices heard by Government on how best to combat extremism. Lack of funding from other agencies will raise questions about how and whether Quilliam can critically engage with Government, and will cast doubts about its credibility as an independent body with the capacity to critique Government plans and policy on tackling radical extremism. It is true to say, however, that that position conveniently forgets the numerous groups that receive funding from the Government's Prevent strategy to undertake or continue work to counteract extremist activity. It also overlooks the many Muslim groups that are frequently invited to put their views to Government, most recently a couple of months ago at a conference I hosted here with Murtaza Shibli, when we invited Muslim organisations to share opinions and advice on how best the Government can go forward with the post-Prevent agenda.

No one can doubt the achievements of Quilliam as an NGO. The debate about funding should, therefore, rightly concern itself with levels of funding at a time of financial austerity, and not about whether we should forgo that important insight into extremist narratives. Although I support the continued funding of this much-needed organisation, Quilliam, like other NGOs and agencies working under the vital remit of social cohesion, needs to look hard at how best to make effective decisions within tighter financial constraints. Quilliam also needs to continue to pursue other avenues of funding—as it is doing—to continue, with credibility, a bipartisan relationship with Government and other Muslim groups.

9.55 am

Hazel Blears (Salford and Eccles) (Lab): It is a great pleasure to contribute to the debate. I congratulate my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins) not only on securing the debate, but on his thoughtful, wide-ranging and incisive contribution. It is also a pleasure to follow the hon. Member for Carshalton and Wallington (Tom Brake), who clearly has experience in these matters. He has raised some important issues, particularly on the plurality of voices, which we need as a society, on what are always contentious and very often sensitive matters. This debate is an opportunity not just to recognise the work that Quilliam has done, but to explore some of the complexity of this area and how Government might go forward.

We are here to highlight the situation in which Quilliam finds itself. I intend to concentrate on that in my remarks, because we need to press the Government for results as much as we need to have a general debate. In my experience, as with a number of groups working on this agenda, Quilliam has very often been brave, courageous, and willing to tread where other people have not perhaps been quite so brave. It always wants not just to highlight the threat that our country faces, but to come up with a practical response about how we can tackle that threat and develop a counter-extremist narrative and agenda to ensure that we build the resilience, particularly of our young people, to withstand extremist messages.

We are at a very important moment in relation to this issue. We had a significant speech from the Prime Minister a couple of weeks ago at the Munich security conference, which marks something of a turning point. He was very firm that the Government cannot tackle these issues alone. Government need help from a wide range of organisations from civil society, the Muslim community and communities across the spectrum. Government can do certain things, but the power to tackle an extremist narrative always comes from the community itself, which has to feel empowered, supported and backed up by Government in order to take on that task. The Prime Minister said:

"governments cannot do this alone. The extremism we face is a distortion of Islam".

That is absolutely right. Islam is about peace, compassion, tolerance and inclusion; it is not about violence and division. The people who peddle messages of hate actually harm Islam in a way that almost nothing else can. The Prime Minister continued:

"these arguments, in part, must be made by those within Islam...let us give voice to those followers of Islam in our own countries—the vast, often unheard majority—who despise the extremists and their worldview."

If that is our task, and we need others to help us, then it is very sad that we find ourselves having to press almost for the survival of an organisation such as Quilliam. It is that serious. Unless practical steps are taken by Government to ensure that there is some transitional funding for that organisation, I have no doubt that it will simply fold and not be able to conduct its activities. It has already made significant redundancies of a whole range of staff. From experience, I know how difficult it is to create capacity on these very difficult issues. It takes experience, knowledge and—I come back to that word—courage to stand up and be counted, and very often to make enemies, and face personal threats and intimidation. If we lose that organisation, we will lose that enormously valuable capacity that may well be able to be built up in the future. If something is destroyed, however, it is much harder to build up.

Mr Gerry Sutcliffe (Bradford South) (Lab): As an experienced former Government Minister, my right hon. Friend will know that Departments sometimes have the capacity, when they are reviewing programmes and

trying to look at the whole picture, to let things slip through the net. Is there a danger that Quilliam could slip through the net?

Hazel Blears: I am grateful to my hon. Friend for that intervention. The debate this morning is an attempt to ensure that Quilliam does not slip through the net, and I know that Ministers in the Department are seized of the issues. We all recognise that these are difficult financial times and that difficult decisions have to be made across the Government, and I want to explore that a little with the Minister, perhaps with some specific questions later. We recognise that these are not easy times. The Home Office, which has taken a significant reduction in its expenditure, clearly needs to economise. My right hon. Friend the Member for Wythenshawe and Sale East has set out a specific proposition for £150,000 of transitional funding to enable Quilliam to pursue the other applications that it has made, which ought to get us to a reasonable position. I recognise that having an organisation solely dependent on public funds is not tenable in the long term.

Tom Brake: The right hon. Lady has been familiar with the organisation for several years. Is she aware of whether Quilliam was previously given an indication that it should go to other organisations to find funding? If it was but has not been successful in achieving self-sufficiency, the Government would have strong reservations about putting money in again.

Hazel Blears: This did not become a significant issue until we were facing the current financial circumstances which pertain across Government. I certainly was not aware of a major drive, which was unsuccessful, to press Quilliam to find funds in other sectors. Clearly, the situation now is that economies need to be made. Quilliam has been put into that pot, but I want to explore with the Minister what other organisations are funded and what cuts have been made—I shall come shortly to the Research Information and Communications Unit. We need a better, broader picture of the total resources available, and what decisions have been made about funding priorities. In a few weeks, we are expecting the Prevent review, which will give us more insight into what the balance of organisations ought to be. We absolutely need a balance.

This is not a partisan issue by any measure—it transcends party politics. It relates to the security and safety of our country, and nothing can be more important than that. My right hon. and hon. Friends and I are pursuing the matter to try to get a reasonable settlement.

As my right hon. Friend the Member for Wythenshawe and Sale East said, I was the Minister with responsibility for counter-terrorism at the time of the 7 July 2005 bombings. Even now, I can feel the sense of devastation and shock that there was across the nation when that happened. People were asking who committed the bombings, why they would want to do that to innocent men and women and their families, and what led them to be prepared to take their own life to fulfil what they presumably believed to be their mission and destiny. I do not think that any of us really understood—we still do not—the many and varied factors that lead people down such a path, that lead them even to contemplate taking such steps.

We are better informed than we were then. Several organisations that have been active in this field have helped the Government and policy makers to come to a better analysis of the factors that lead people to extremism, but we do not have all the answers. I entirely accept that, although some of the measures in the Prevent programme were successful, some were less successful, but what we were doing in that area was innovative and, in many ways, experimental.

I have spoken to people in the United States, France, Germany and countries across western Europe who say that this country has been at the forefront of trying to drill down to determine what the factors of extremism are, and how to build resilience among young people so that they can resist such messages. My sense is that those other countries are just beginning to take the first steps. Indeed, that was reaffirmed for my right hon. Friend and me when we went to the United States just last week. Many of the Congressmen and women and Senators acknowledged that they are very much at the beginning of thinking about a counter-radicalisation strategy, whereas this country is well ahead. This country's position has been aided enormously by the different groups that we have funded to help us. They have had programmes and have been able to develop an evidence base about the best way to counter extremism, and the Quilliam Foundation has been at the heart of that process for the past three years at least.

As everyone knows, Quilliam was formed by Ed Husain and Maajid Nawaz, both of whom had been in the grip of extremists. They had been right at the heart of Hizb ut-Tahrir and knew what it felt like to travel down that path. Therefore, their voices and the voices of others at Quilliam who have been able to set out the emotional process that happens to people on that journey have been enormously powerful and valuable in working out strategies to counter extremism. They were certainly instrumental, when I was the Secretary of State for Communities and Local Government, in my decision to set up the Young Muslims Advisory Group and the Muslim Women's Advisory Group.

It was the first time in this country that we had people at national level who were able to advise Ministers about what it felt like to be a young person in the community with strong feelings about foreign policy and contentious issues, and with the many pressures that face them at that time of their life. What could the Government do to try to help them to grow up with a sense of this country's values but also, of course, their important personal identity and heritage? The Muslim Women's Advisory Group was a fabulous opportunity to find out about women's lives, and how women could influence the young men in their families to withstand the extremist narrative. We can celebrate the huge amount that we achieved, but, obviously, we have much more to do.

Going around the country after 7/7 with my right hon. Friend the Member for Wythenshawe and Sale East was probably one of the most testing experiences I personally have ever undergone. The sense of anger, bewilderment and shock in communities was palpable, but the message that came across to me time and again was that the overwhelming majority of people in the Muslim community totally rejected the violence that had taken place, and believed that killing innocent people was never justifiable. Unfortunately, the extremism

[Hazel Blears]

that leads people to contemplate and sometimes adopt violence is with us now—there is no getting away from that—and is likely to be with us for many years to come. Life has changed, and we ought to recognise that the circumstances are very different. That is why it is so important that we have the capacity to tackle that ideology and the way in which people seek to groom others to take the path of violence.

I want to mention a report which I think is relevant to this debate. "Fear and HOPE", which was published last week by the Searchlight Educational Trust, is about the new politics of identity. Many people who are susceptible to extremist narratives are struggling with their sense of identity: who am I, where do I fit in, where do I belong, what is my value set?

The report, which was based on 5,000 interviews of people across the country who were asked more than 90 questions, provides some fascinating results and evidence. What gives me optimism and hope is that there is widespread rejection of political violence. It is interesting that the vast majority of people who were questioned considered white anti-Muslim extremists to be as bad as Islamist extremists. That tells me that a core part of our communities and population are basically saying, "A plague on both your houses. We want no part of extremism, whether far-right extremism, Islamist extremism or anti-Semitism—we reject all that."

It gives me great hope for the future that if we can build, sustain and make that heart of our community strong, it will empower and give confidence to young people to say, "I reject the extremist narrative. I reject such ideologies and share the broad values of this country." That prize is so precious and valuable that the investment of £150,000 to enable Quilliam to move to other sources of funding over the next few months is a small price to pay, considering the scale of the challenge that we face. I absolutely agree with the hon. Member for Carshalton and Wallington that we need a broad range of organisations to help with the agenda at every part of the spectrum. It is without doubt that Quilliam has been prepared to be at one end of that spectrum, to speak out, not to be intimidated, and to state the case for pluralism, inclusion and British values of democracy, tolerance, free speech, and particularly the rights of women. It has been extremely effective in doing that.

Obviously, we must support other organisations, and I will come to that, but it is only three years since Quilliam was established, and to have gained its reputation in the world within that period marks it out as a special organisation that has helped us to build that evidence base. Its report on radicalisation on campuses was extremely good and contained a series of recommendations. We know that there is a problem on some of our university campuses, and the report's practical recommendations could help us significantly. It produced a report on the use of the internet to promote Jihad. We are now seeing preachers such as al-Maliki on the internet urging people to take matters into their own hands without having a group around them, and to carry out individual acts of terrorism. That report on the use of the internet was a good piece of work. The role of television in influencing young minds is crucial.

Quilliam has produced excellent reports, and done project work—for example, its work in Pakistan, as my right hon. Friend the Member for Wythenshawe and Sale East mentioned, which was funded by the Foreign Office, with road shows prepared in challenging and sometimes intimidating circumstances to make the case fearlessly. It has a tremendous record. It is seeking other sources of funding. It recognises that the current situation cannot continue ad infinitum, but it must be given the chance to do that work.

I have some questions for the Minister, and if he cannot answer them during the debate, I would appreciate it if he got back to me later. The Research Information and Communications Unit was established in the Office of Security and Counter-terrorism in the Home Office three or four years ago. My recollection is that that was a fairly well resourced unit. It received contributions from the Department for Communities and Local Government, the Home Office, and the Foreign and Commonwealth Office, and it brought together a series of people with the skills to develop a counter-narrative, to publish documents, and to do research and much of the work that Quilliam has been doing.

Dr Julian Lewis: I remember a conversation I had with a senior Minister about the setting-up of RICU. My understanding is that there was an analogy between it and the operation set up at the onset of the cold war to try to counter communist subversion and propaganda. Either such organisations do the work themselves, or they do the research and support other non-governmental organisations that will go on to the front line and fight the ideological battle. I do not think I have seen anything to suggest that RICU is fighting that battle under its own banner on the front line. If it is not doing that itself, why is it not perpetually committed to the support of other organisations such as Quilliam which are prepared to go into the front line?

Hazel Blears: The hon. Gentleman makes an excellent point, to which I hope the Minister will respond. The comparison between the funding of RICU and the funding that we are asking for in this debate would be illuminating. It is clear that there is a straightforward and simple al-Qaeda narrative, which is that the west is at war with Islam with a feeling of victimhood and grievance. That must be countered, and it is my understanding that that was a core part of RICU's responsibilities. I would be grateful if the Minister let us know what its resources are, what the product is, what it has been working on and, indeed, whether it can fund other organisations.

Mr Mark Field (Cities of London and Westminster) (Con): The right hon. Lady is making an important speech, and I entirely agree with the broad thrust of what she is saying about Quilliam's importance. Will she go into a little detail about the discussion she might have had with that organisation about where it sees its diverse sources of funding coming from if it does not come simply from the Home Office, and a time frame for when new sources would come into play if the Home Office were able to continue some of the funding that it is planning to take away?

Hazel Blears: I am grateful for that question. Until recently, Quilliam was in a position to become self-financing in a short time. It had offers of funding, but we then had the recession, which has unfortunately affected all

of us, including charitable donations. We have also had the events in the middle east. I understand that some support was pledged from organisations with middle east connections, but that has not been possible because of recent events. It now has a number of applications with charitable foundations that are active in building capacity, resilience and counter-narratives. It has some applications with individuals who have a long track record of support in this area. It is optimistic about being able to obtain funding. It may not be at the same level as in the past, which is why it has made some redundancies—it wants to cut its cloth according to its resources—but it is optimistic about being able to continue with a core facility and to build from there. That will depend on its reputation and the worth of its product, and rightly so. It should be out there and showing it to people.

I would be grateful if the Minister told us what the RICU budget is, what the overall budget is this year for the Prevent strategy and—I know that there will be a review—what it is likely to be, what other organisations are active in developing the counter-narrative and the counter-extremism part, as opposed to some of the good community work that goes on, and how much funding is provided to external organisations. Much of the Prevent review will be about project funding, and Quilliam absolutely accepts that that is where it needs to be in future. Will the Minster confirm that applications for project funding from the Quilliam Foundation will be considered in exactly the same way as applications from any other body-on the strength of the project that it is putting forward?

We could make decisions on such issues that we may live to regret later. It is so much more difficult to recreate something than to help it to continue to exist. I entirely support my right hon. Friend the Member for Wythenshawe and Sale East in his bid for £150,000 to enable the organisation to have an effective transition. Nothing is more important than keeping our country safe, and I believe that the Quilliam Foundation plays a major role in that objective.

Several hon. Members *rose—*

Jim Dobbin (in the Chair): Order. I intend to call the shadow Minister at 10.40, so that gives hon. Members some idea of how much time we have left for the remaining speakers.

10.18 am

Dr Julian Lewis (New Forest East) (Con): It is a privilege to follow that outstanding speech by the right hon. Member for Salford and Eccles (Hazel Blears). Her work and that of the right hon. Member for Wythenshawe and Sale East (Paul Goggins) as Ministers on this topic excited the admiration of many of us when we were on the Opposition Benches. It continues to excite my admiration now that they are in opposition, but still fighting just as hard on this vital topic as they ever did when they were Ministers.

During the 1990s, I occasionally had the privilege of taking part in courses on public speaking, oratory and campaigning techniques with another member of the House of Commons who is now Mr Speaker. He always impressed on everyone who came to our courses that when making a speech one should have, at most, two main points, but preferably only one, with which to belabour one's listeners over and over again, so that if they remembered nothing else about what one had said, they would remember that one point.

Here is my one point today. It is that countering hostile propaganda is not a commercial enterprise or undertaking. It requires sponsorship and support. It is absolute nonsense to say that people who are brave enough to put themselves in the front of an ideological battle should be selling their product on a commercial basis because that somehow means that their organisation is more vibrant.

If organisations that are fighting an ideological battle do not get support from the Government, they will need to get it from private sources. I know of no organisation during the cold war that fought these sorts of ideological campaigns—there were many such organisations; I was involved in several of them—that managed to make enough money to sustain itself as a going concern commercially. Such organisations had to find sponsorship. As I understand it, Quilliam has been rather particular about the sponsors it has sought. It could have taken money from undemocratic regimes but I believe that it turned down those offers. Although it might have agreed with those regimes on certain issues, it could not agree with the way that they rule their countries and peoples. Let us not fool ourselves into thinking that if Government funding is cut from an organisation, that organisation will somehow transform itself into a profit-making enterprise. It will not; that is not its function. The more time that activists in a counter-propaganda organisation spend raising funds, the less time they have available to do the job of countering radicalisation and extremism.

I hope that the Government will have the good sense to continue funding Quilliam because I am a little concerned about what may be going on under the surface. On the surface, as the right hon. Member for Salford and Eccles said at the beginning of her remarks, we have an excellent speech from the Prime Minister stating that we must be tough on radicalism and that we must not compromise. We must not pretend that people who speak with a double voice, as it were, and say that they are against extremism on the one hand but treat it softly on the other, are the only people with whom we should deal. Although that sort of speech makes all the right sounds, in reality Government officials are kicking away the props that support what is undoubtedly one of the most high-profile and successful organisations in the field of counter-propaganda.

I use those words deliberately because this is a propaganda war involving propaganda by those who seek to radicalise, and counter-propaganda by those who seek to defeat and undermine their campaigns. That sort of work must not be undermined by paid Government officials at a time when the head of the Government says that we ought to do more of it.

Something strange is going on and I think I know what it is. Reference was made earlier to the important conference being held today at the Royal United Services Institute. I had hoped to attend that conference this morning, but I felt that this debate was rather more important. My mind went back to a previous conference held quite a few years ago at the RUSI, and a rather impressive Government speaker on counter-terrorism. I subsequently sought a briefing from that speaker, and the Government gave permission for me to have one.

[Dr Julian Lewis]

During the course of the conversation, I made the point that one clearly had to encourage moderate Muslims to stand up against minority activists, just as in so many other fields. Particularly during the cold war and student radicalism on campuses in other decades, it had been necessary for moderates to stand up for the silent majority against the noisy activist and—above all—unrepresentative minority. I was intrigued by what the expert official said. He replied, "That's absolutely true: there is a gap between those who hold moderate values and those who hold extreme values. However, there is another gap between those who hold extreme values and those—a much smaller group—who are willing to turn their extreme values and views into extreme and violent action."

It seems that the Government—perhaps I should say the establishment, as that remains the same when Governments change—have primarily signed up to focusing on the division between extremist people who do not intend to be violent, and extremist people who intend to be violent. There is some value in that approach, but I do not believe that it should be exclusive. If we depend on people in the Muslim community with extreme views to stand up against others from that community with extreme views who want to be violent, we will not get a happy outcome. We must promote moderate values in the Muslim community. Therefore, we need an organisation that is prepared not only to attack violent extremism, but to counter the pernicious ideology of those who might not be planning violence, but who foster an extreme ideological environment where some people will absorb sufficiently illiberal notions and end up turning to violence.

I am concerned about this issue because there are a couple of ways in which counter-propaganda organisations can work. Some such organisations can, and should, concentrate on changing minds. If we wish to try that, it is important to persuade people who are inclined towards fundamentalism that they are wrong, and to have organisations that are perhaps tolerated more happily than Quilliam within the Muslim ideological community. Those organisations can work on trying to change the minds of those who are already radical.

There is, however, another more important element that must not be neglected. We hope, and I genuinely believe, that the majority of people in the Muslim community—I would like to think the overwhelming majority—hold moderate beliefs and are not extremist at all. The problem is that of the three sectors—the moderate community, the extreme community that is not violent and the extreme splinter community that is violent—the Government machine focuses too much on the second two categories, to the exclusion of the first. The only way we will win an ideological battle or war is by mobilising the silent majority. The silent majority is a hackneyed phrase because we use it a lot. Nevertheless, we use it a lot because it is true; it has to be true, and if it were not we might as well give up on civilisation straight away. We need groups that are not necessarily involved in trying to change minds, but rather in trying to reinforce moderate views that already exist.

Tom Brake: Does the hon. Gentleman believe that it is unrealistic to expect Quilliam to secure funds from trusts or benefactors rather than from the Government?

Dr Lewis: It is not unrealistic and I made that explicit at the beginning of my speech. I said that if one does not get funds from the Government, one must get them from another sponsor. Ideally, one should have a range of funders, and the Government ought to be a part of that. My point is that if the Government have any sense, they will not withdraw funding in such a way that an organisation will collapse. If they believe that the organisation's work is of sufficient value, they should ensure that it has secure funding before they begin to draw down their own funding stream. It is as simple as that.

I will conclude with one further point. It is my second point and I do not mind if hon. Members do not remember it, as long as they remember my first point. There are two types of counter-propaganda. There is counter-propaganda that is designed to persuade people to change their minds, and there is counter-propaganda that is designed to reinforce the moderate views that the silent majority already hold.

I shall give an example. When I was a youngster in the 1960s, a huge argument was going on about whether this country should continue to be defended by a nuclear deterrent. I was sure that it should continue to be defended by a nuclear deterrent, but time after time I would see people on the television and hear people on the radio saying, "No, that isn't necessary." I began to think, "Well, I'm only a teenager. What do I know about this?" I began to doubt my own commitment. Then one day, someone from another country was being interviewed on television and he made such a convincing case for the nuclear deterrent, and articulated so much better than I could, as a youngster, the case for what I believed already, that I thought, "Fine. I'm okay. That's all I need to know. At least one other person in the world, brainier and more articulate than I am, has come to the same conclusion for the same reason."

I believe that groups such as Quilliam both need to do the type of work that I have described and actually do that type of work. There are moderate Muslims who, because of the way in which radicalism and extremism dominate the narrative, will begin to doubt themselves—even though their own views are moderate. It is the job of a group such as Quilliam to show that when the extremists say, "We are mainstream and you are un-Islamic," in fact the reverse is the case. To get that message across, people must be knowledgeable and professional, must have a huge amount of detail at their disposal and must have access to the airwaves, the printing presses and the internet.

I am very sorry that the Government, because they believe in persuading people to change their minds, are to kick away the support from an organisation that is dedicated to reinforcing people who do not need to change their minds, but need to be encouraged to speak up and need to be reassured that they are right and the extremists are wrong. This is not a commercial enterprise; it is a political fight. If the Government want to take the line that the organisation must be self-funding and self-supporting, let us ask ourselves this final question. How many Departments would be able to do their work if they had to raise the money to fund it themselves as a result of the product of their work, rather than their income stream coming from taxation? I think we would find that not a single Department—except perhaps the Ministry of fun—would survive such a proposition.

I believe that Quilliam's work is essential. I believe that it is non-commercial. It has been supported thanks to the work of the right hon. Member for Salford and Eccles and of the right hon. Member for Wythenshawe and Sale East, whom I congratulate on initiating this very important debate. It is no coincidence that more than half the House of Commons members of the Intelligence and Security Committee are here making this case today, even though we are making it in our personal capacities, not as members of that Committee. I shall leave time for the right hon. Member for Wolverhampton South East (Mr McFadden) to speak. I hope that the Government will take our message extremely seriously.

Jim Dobbin (in the Chair): Order. I know that Mr McFadden has been very patient, but I must remind him that the Front-Bench responses to the debate start at 10.40.

10.33 am

Mr Pat McFadden (Wolverhampton South East) (Lab): Thank you, Mr Dobbin. I congratulate my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins) on initiating the debate. We all know that the backdrop to it is the very serious terrorist threat that we face. That is not a myth; it is not something that has been made up. In the London underground bombings, 52 people were killed. Since then there has been the plot to blow up airliners, which resulted in the liquid restrictions on aeroplanes; we have had the shoe bomber, Richard Reid; and we have had the Christmas day attack on the Northwest Airlines flight to Detroit involving Umar Farouk Abdulmutallab. There have also been other incidents—some that we know about and probably some that we do not know about.

To combat terrorism, we of course need security forces to catch and punish those responsible but, as other hon. Members have said, we must also confront and challenge the ideology that feeds such acts. Quilliam is critical in that fight. It cannot all be done by Government and Government agencies. As other hon. Members have said, this is an ideological struggle that must take place within the Islamic community itself.

I have had less direct ministerial involvement in this issue than my colleagues, but of course our political interests are not confined purely to our ministerial experience. However, one issue in which I did have some ministerial involvement was extremism on university campuses. I commend Quilliam for the work and research that it has done on extremism on campuses, which is growing. One of Quilliam's founders, Ed Husain, outlines very well in his book the expertise with which Islamic extremists use the liberal values of those who run our colleges and universities to propagate what they want to do and put the university or college authorities on the defensive.

As we have all agreed, Quilliam is an important organisation. It is important because it is unequivocal in its condemnation of terrorism. It challenges the ideology that feeds it. It condemns suicide bombings; it does not make excuses for them. It takes on arguments perpetrated by the apologists for terrorism. Quilliam is also important in another sense. It challenges the notion, sometimes spread by non-Muslims as well as Muslims, that the terrorist problem is all our fault—the conceited notion, ultimately, that the west is so all-powerful that it is responsible, either through its foreign policy decisions or through other means, for encouraging terrorism. Quilliam challenges that, too, so it provides a service well beyond the argument that currently takes place within the Islamic community.

Mr Denis MacShane (Rotherham) (Lab): I am sorry that I came into the debate late; that was because of a traffic problem. Does my right hon. Friend agree that he is repeating almost word for word the message of the Prime Minister both at the Community Security Trust dinner two weeks ago and in Kuwait—the message that he has constantly urged? I understand why the Liberal Democrats want to kill Quilliam, but I just cannot understand why Conservative officials and Ministers in the Home Office want to do it such damage.

Mr McFadden: I cannot speak for the Conservatives. The Minister will have a chance to do that in a few minutes.

As we have said, what Quilliam does is important because those who lead it are themselves ex-supporters of violent jihad. Therefore it is done with a level of understanding and engagement in ideological and, indeed, theological debate that is well nigh impossible for Ministers. That is important because it is extremely difficult for the state to engage in theological debate, and the argument must be won theologically as well as ideologically.

The Government have proposed to cut core funding for the organisation. That is a mistake. As the hon. Member for New Forest East (Dr Lewis) said, Quilliam has given strength and confidence to others, too. That is a very important aspect of its work. By stepping forward, people from the organisation have given strength to others who probably think these things but may not have seen other people in the debate giving voice to them.

I shall ask the Minister a direct question. I understand that the Home Office budget is under pressure—the pace and scale of cuts is an argument for another day—but is the decision purely budgetary or, as the hon. Member for New Forest East implied, is something else going on? Is there a wider disagreement with what Quilliam has advocated in recent years? I believe that the proposal made by my right hon. Friend the Member for Wythenshawe and Sale East for a grant of £150,000 to give the organisation time and space to seek alternative funding is worthy of support, even in these difficult times.

Let us just ask ourselves this question. What will the debate about terrorism be like if Quilliam folds? The hon. Member for Carshalton and Wallington (Tom Brake) said that there are other organisations. I have not really seen them. I have not seen others stepping forward with the degree of clarity and theological and ideological commitment that Quilliam has had.

There is a complacency about saying that others will simply step forward. I have long experience of seeing this ideology develop, not particularly as an MP, but as a Government staffer. I have seen some of the errors that Governments have made in the past and, frankly, I do not want to return to the situation we had 10 years ago, when we listened to many voices that we thought were representative. There is a danger of complacency in cutting Quilliam's funding, and if the Minister thinks

[Mr McFadden]

that other organisations will step forward to fill the void if Quilliam does not get the funding it so urgently needs, I would like him to name them today.

I hope that the Minister has heard the arguments that have been made today. I also hope that he will respond positively to the proposal from my right hon. Friend the Member for Wythenshawe and Sale East and tell us exactly who will speak up and make the arguments that Quilliam has made if that organisation no longer exists.

Jim Dobbin (in the Chair): Thank you, Mr McFadden, for a disciplined speech.

10.40 am

Mr Gerry Sutcliffe (Bradford South) (Lab): It is a great pleasure to serve under your chairmanship, Mr Dobbin. It is a delight to be involved in a debate that has none of the partisanship we would expect when talking about organisations' funding.

I congratulate my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins) on securing the debate. I also congratulate other right hon. and hon. Members on their contributions, which they made with passion. They have shown their credibility and the experience they have gained in an individual capacity, although as the hon. Member for New Forest East (Dr Lewis) said, they also represent almost half the members of the Intelligence and Security Committee. The Minister would do well to take that experience on board. In that respect, I was impressed to hear that Lord Carlile, who has been the independent adjudicator on counter-terrorism matters, also supports Quilliam. As my right hon. Friend said, the Government have made the wrong decision—I fully understand why, given the cuts to the Home Office budget and the problems Ministers face—but they now have an opportunity to put things right.

I want to put on record my thanks to my right hon. Friends the Members for Wythenshawe and Sale East and for Salford and Eccles (Hazel Blears) for the work they did as Ministers after 7/7. As a West Yorkshire MP, I am well aware of the mood—the shock and horror—in West Yorkshire when we found out that the bombers were from our area. There was great concern in communities, and I am grateful to Members for saying that the majority of Muslim people support the state and do not agree with the atrocities that have taken place.

Paul Goggins: My hon. Friend takes my mind back to the day I visited Bradford, when he and other colleagues helped to organise an important meeting with the Muslim community. Does he remember that the central focus of our discussion was concerns about the inability of us as outsiders, and indeed of Muslim leaders themselves, to communicate effectively with young people in the community? Is that not something that Quilliam can do very effectively?

Mr Sutcliffe: Very much so. That was one of the key points. My right hon. Friend the Member for Salford and Eccles was honourable enough to say that although we got lots of things right in Prevent, we also got lots of things wrong. Communication with the community was one of the things that was difficult; at one point, the community felt that it was under attack by the state and that we were describing it as the enemy, for want of a better term. The reality was that we needed to get into the community, and particularly to young people who felt isolated. Quilliam can do that.

What strikes me about the debate is that Quilliam has been acknowledged as an organisation that speaks its mind. In speaking its mind, however, it can also create enemies and problems, including with officials in Departments, although I do not mean that in a critical way—that is just the way things develop and operate.

As has been said, Quilliam has set about these issues and produced important research on a complex and controversial subject. As my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) said, its research and reports on radicalisation on university campuses has been important. It has also done work in British mosques and the prison system. As a former Prisons Minister, I was interested in what Quilliam said about the radicalisation of prisoners.

Quilliam's reports have been enlightening and important. Just yesterday, it produced a considered and thoughtful report on the situation in Libya, arguing for action by the international community. It has also done important work overseas, and my hon. Friend the Member for Ilford South (Mike Gapes) talked about the work that it did in Pakistan, challenging extremism and promoting a democratic culture. Although Quilliam is not universally popular, it is clear that many of its critics are apologists for radical Islamism.

I have listened to the debate with interest. Accepting Government funding can give rise to the thought that people are betraying themselves as Government stooges. If people rely only on Government funding and have no other funding, are they putting themselves in a difficult position? Such thoughts have undoubtedly alienated some in the Muslim community from Quilliam. It is not surprising that Quilliam is not universally popular, however, because it tackles controversial issues and it is not afraid to tell it like it is.

When we look at Prevent, it is right that we look at all the issues. This is not the time to argue about Government cuts or the timetable for the review of Prevent. However, we should recognise that Quilliam is a powerful organisation, which is supported by many Members of the House with expert knowledge of these issues. People could argue that this is special pleading, but it is special pleading for an organisation that could, as I said in an intervention on my right hon. Friend the Member for Salford and Eccles, slip through the net if nothing happens; indeed, Quilliam is already making redundancies and looking at its finances.

Ministers face difficult decisions in good times and bad times; they have to deal with budgets and other issues, and they rely a lot on support from their officials. However, if decisions are not taken quickly in this case, Quilliam will be lost, and if it is, it will not be rediscovered, as Members have said. We cannot readily call on such expertise.

I hope that the Minister will answer the question posed by my right hon. Friend the Member for Salford and Eccles in the spirit that she asked it. We need to know what is going on. Is this a political decision? Have Ministers reflected on the issue in light of the support

for Quilliam? The hon. Member for Carshalton and Wallington (Tom Brake) is right to say that we have to look at every area of spend in these difficult times, but it is important that we do not throw the baby out with the bathwater.

I fear that the Government's good intentions in reviewing Prevent could put an end to an organisation that has credibility and support in the UK and internationally. In that respect, I am heartened to hear that it has charity status in the US, which shows its willingness to go out and look for other funding. It is important that it retains credibility in terms of where it gets its funding. As has been said, it could get funding from many different organisations, but would that be the right funding for Quilliam, given the context of its work?

I hope that the Minister will reflect on the debate, which has been excellent, well-informed and non-partisan. I understand that difficult choices have to be made, but I hope we can make sure that this organisation does not slip through the net.

10.48 am

The Minister for Immigration (Damian Green): In congratulating the right hon. Member for Wythenshawe and Sale East (Paul Goggins), let me say how grateful I am for the constructive way in which he made his suggestions and asked his questions; indeed, I am grateful for the constructive tone in which the whole debate has taken place. I am particularly grateful to have had the benefit of the experience of the right hon. Member for Salford and Eccles (Hazel Blears), who clearly grappled with these absolutely vital, difficult and sensitive issues when she worked in various Departments.

I should say at the outset that there is no doubt that Quilliam has done important work in support of counter-terrorism efforts in this country. Various Members on both sides have quoted the Prime Minister's Munich speech, in which he set out the course that the Government will follow on counter-terrorism, and Quilliam continues to contribute to that. The Home Office understood the role that Quilliam could play when it helped the organisation get off the ground in 2008. Officials and Ministers provided it with extensive advice and assistance at that time.

The Home Office envisaged that Quilliam would be able to work in and with Muslim communities, and particularly with young people, challenging and exposing terrorist ideology and contributing to the aim of stopping people becoming terrorists or supporting terrorism, to observe the distinction made by my hon. Friend the Member for New Forest East (Dr Lewis). The Home Office judged that, as former radical Islamists themselves, Quilliam's founders would be able to draw on their own experiences to describe that ideology, explain why it might seem superficially compelling and demonstrate its incoherence. Quilliam subsequently developed a significant research function, and has published some papers on important issues, including radicalisation on the internet, in prisons and in further and higher education.

It is fair to say that, since 2008, Quilliam has developed a brand, a message and a clear public position. It is known not only in this country but overseas, notably in the USA. Throughout that period, both the Home Office and the Foreign Office provided Quilliam with significant financial assistance. Quilliam has received more Home Office Prevent funding than any other single organisation—nearly £1.2 million over the past three financial years. The Foreign Office has provided nearly £1.5 million in project funding over the same period.

Regarding funding for Quilliam and other organisations, Pakistan was mentioned and the important work that needs to be done there. Tackling radicalisation in Pakistan is clearly important but, to put it into context, there are nearly 100 organisations, large and small, supporting Prevent overseas. More than 20 of those are in Pakistan, many of them working anonymously for obvious security reasons. All of those are funded by the Foreign Office.

This financial year, the Home Office has provided Quilliam with six-figure funding. It has been invited to submit bids for project funding in the next financial year.

Dr Lewis: I wish Ministers would stop using the phrase, which has clearly been given to them, of six-figure funding. Six-figure funding can be from £100,000 to £999,000. There are big variations in it.

Damian Green: There are indeed, and I will come to exact figures in a second.

The funding provided to Quilliam has been unique, not only in its scale but in its scope. It has been used not just for projects and programmes but, exceptionally, for significant overheads and running costs. The Government agree that Quilliam deserved some support in the past, and we continue to believe that Quilliam is capable of useful work. However, following a review of all the organisations, projects and programmes supported as part of the Prevent strategy, Home Office Ministers have taken the decision to end funding for Quilliam's running costs from the end of this financial year. Clearly, that is the heart and purpose of the debate.

I say to the right hon. Member for Wythenshawe and Sale East that there is an offer on the table to Quilliam of tens of thousands of pounds to cover the next few months of basic operations. He and the array of distinguished ex-Ministers on the Opposition Benches will recognise that this not the place to conduct detailed financial negotiations. I want to assure him and everyone who has attended the debate that there is an offer. It would be foolish for me to start negotiating here; I will merely gently observe that the £150,000 transitional money referred to by several right hon. and hon. Members is actually more than the total Home Office money given to Quilliam over the past 12 months, as decided by the previous Government. I would not want anyone to leave the debate with the thought that £150,000 is a small percentage of what Quilliam might have expected to receive. It is actually more than the total budget received from the Home Office in the past year.

Hazel Blears: Will the Minister give an indication of when Quilliam was first told that it would need to replace the Home Office funding with funding from other sources?

Damian Green: In December. My hon. Friend the Member for New Forest East asked for specific numbers. The trajectory of Home Office direct funding for Quilliam is quite clear. In 2008-09, it was £665,000; in 2009-10, it was £387,000; and in 2010-11, it was £145,000. There

[Damian Green]

was a clear trend in the direction agreed with by everyone who has spoken in the debate: that is, that Quilliam does good work but that a think-tank of that kind should not be reliant for its core running costs on Government funding.

Dr Lewis *rose—*

Damian Green: If my hon. Friend will excuse me, I need to make some progress, because others have asked interesting "in principle" questions, which I need to address. He himself gave the impression there was some kind of conspiracy afoot, and I wish to reject that.

Home Office Ministers have taken the decisions they have for three reasons. First, Quilliam has, as we all agree, evolved into a think-tank; it is no longer fulfilling the role for which it was originally funded by the previous Government. Secondly, Quilliam has continually committed to broadening its sources of funding and to becoming more self-reliant, and I think we agree that that needs to happen. Thirdly, Home Office Ministers believe that the Department can no longer make an exception for Quilliam by paying for its ongoing running costs as well as funding specific projects. The Home Office does not support any other think-tank on that basis, a point well made by my hon. Friend the Member for Carshalton and Wallington (Tom Brake).

Let me deal with each of those points in turn. As I have already said, the original purpose for which Quilliam was funded by Government was to work in and with Muslim communities to challenge the ideology of terrorism and extremism. In some cases, that has not been done as successfully as Ministers originally hoped. Since 2008, Quilliam has progressively engaged in a different and rather broader range of activities consistent with its declared intention of being a think-tank. It publishes work on a range of security issues, not confined to the narrower and hugely important issue of countering radicalisation. In doing so, I emphasise again, Quilliam makes important contributions to the overall debate.

Mr McFadden: I appreciate the pressure of time. I am not sure that I accept the distinction the Minister makes between think-tank work and countering extremism. The publication of the reports is important in countering extremism. To get to the point, can the Minister say who he thinks will step forward and do this if Quilliam folds?

Damian Green: I am trying to come to that point. The principle we want to uphold is that Quilliam should be free to contribute to the wider debate, but not depend on Government funding to do so. The other think-tanks that have also published on radicalisation—including Demos, the Policy Exchange and the Centre for Social Cohesion—all operate on that basis. It is the way that all successful think-tanks need to operate. The right hon. Member for Wolverhampton South East (Mr McFadden) asked a reasonable question about whether think-tank work can contribute to countering radicalisation. That is done by a number of think-tanks. There is an important point of principle about whether think-tanks should continually depend on direct state funding for their core activities to continue their work year after year.

Paul Goggins: I am grateful to the Minister for giving way: all of us who have been Ministers recognise that the timing of winding-up the debate is a fine art, and there is much ground to cover.

The Minister has recognised the contribution that Quilliam has made. He talked about an offer running into tens of thousands of pounds. We have argued for £150,000. If there is good will, a real interest in making sure that the organisation can survive, will the Minister agree to meet me and other colleagues to pursue that, to see if what may be a narrow gap can be closed?

Damian Green: I am always willing to meet the right hon. Gentleman. I know he met the Home Secretary yesterday, and the situation on the subject has not changed radically in the 12 hours since he met her.

Let me address the issues. The Foreign Office and the Home Office fund a number of small organisations, charities, civil society organisations and faith communities to deliver the Prevent programme, overseas and in this country. There are more than 130 such organisations. To protect them and their credibility we do not disclose their names. I am sure everyone will recognise that they are sometimes working in high-risk environments. Their credibility needs protection because research that appears to be British Government-inspired will inevitably have less credibility.

The right hon. Member for Salford and Eccles asked about RICU. It has clearly received staff and resources from the Foreign Office, from the Department for Communities and Local Government and from the Home Office, recognising the challenge of producing a coherent narrative overseas, nationally and among local communities. I will write to her on the details.

NHS (Essex)

11 am

Priti Patel (Witham) (Con): I am grateful to Mr Speaker for granting me the opportunity in Westminster Hall to draw directly to the Minister's attention a number of important issues regarding the performance of NHS services in my constituency and in the county of Essex. I suspect that the matters that I shall raise and the constituents' cases that I shall mention are by no means unique to my constituency or the county. However, the Government are developing the most important and, in my opinion, long-overdue changes to the NHS, and I want to ensure that the problems and challenges faced by my constituents are thoroughly and fully considered.

Throughout the endless reforms and reorganisations undertaken by the previous Government, the health needs of patients were never afforded the same priority as the expanding tick-box bureaucracy suffered by my constituents. One consequence of the waste that was created is that the money put into the health service never achieved the true outcomes that my constituents deserved and needed. That has led in part to my constituents suffering poor patient choice and health care services. However, we cannot change everything about the past.

The Minister, the Government and, most importantly, my constituents want an effective NHS for the British people; it should deliver value for the taxpayer, ensuring that the mistakes of the past are not repeated and that all receive the care and front-line services that are their due. It is therefore essential that as the NHS is reformed, the needs of local communities in my constituency of Witham are not overlooked or ignored. That is why this debate is so timely.

By way of background, I shall give the Minister some details about my constituency and some of the health care challenges faced by my local community and me that are specific to the area, and the nature of current NHS services there. I shall then highlight the excessive and overblown bureaucracy that affects the NHS globally, which demonstrates the scale of taxpayers' money that is increasingly and wrongly being taken from front-line services. I shall also draw attention to some of the most serious and heart-breaking cases that I have come across in the 10 months since I was elected, which show that the NHS too often fails the most vulnerable. I shall conclude my remarks by putting the case for new NHS services being delivered locally under the Government's planned reforms.

Witham is a new constituency, so I forgive Members for not knowing much about it. It is not far from the London commuter belt, and lies within the heart of Essex. We have tremendous public transport and road links to London. The ports of Felixstowe, Harwich and Tilbury are not far away, and we have some major industrial towns and centres. It is not surprising, therefore, that Witham has experienced significant population growth in recent years. It is an attractive area to live in.

The three local authority areas in my constituency are Braintree, Colchester and Maldon. Under the previous Government, they were required to build more than 27,000 new homes in the 20 years to 2021, and 60,000 new homes between 2011 and 2031. Throughout Essex, the current population of 1.4 million could easily grow by 14% over the next 20 years. Members will be aware from their own areas that population growth inevitably puts more burdens not only on infrastructure but on the local NHS.

The local plans, particularly those that affect my constituency, unfortunately give no serious consideration to ensuring that the quality and quantity of local health services can keep pace with projected population increases and changing demographics. Although top-down targets are being scrapped by the present Government, the attractiveness and desirability of my constituency inevitably means that more people will move to the area, so we can expect to see a significant increase in the local population. That will put demands on local health services that are already struggling to cope.

It is not simply the sheer quantity of people that NHS services will need to support; they will also need to adapt to the changing demographics of the area. Because our local communities attract young families, we need stronger maternity services and paediatric provision. However, the most significant demographic change will be an acceleration of the number and proportion of residents over the age of 65. In that respect, my constituency and the county of Essex are not unique, as health services across the country are responding to an ageing population. By 2021, the NHS in Essex, along with its partners in local government, will need to accommodate the health needs of 45% more people in the county living beyond the age of 65, and 75% more people living beyond the age of 85.

Some of the most significant increases in Essex are expected to be in the Maldon district, part of which falls within the Witham constituency. It is worth noting that about 10% of the Essex population provides assistance, caring for family, friends or neighbours, with higher than average rates in Maldon, where the number of working-age people available to care for older persons will have nearly halved by 2029. These demographic changes present serious challenges to the front line of the NHS in my constituency and in the county.

I am pleased to report that Essex county council is taking a strong lead in implementing the Government's reforms to deal with the challenge. It has already established a health and well-being board, and the Department of Health recognises it as an early implementer. I would welcome the Minister's reassurance that the Government, unlike the Labour party, which has made no commitment to NHS funding to support this work, will continue to increase resources when necessary to support the health needs of my constituency and Essex. I shall emphasise throughout the debate the need for the money to be spent on front-line care, not bureaucracy.

That brings me to NHS bureaucracy in Essex and my constituency, and specifically to our local primary care trusts. The Minister will be aware that the medical needs of my constituents are served by a number of NHS trusts and by the East of England strategic health authority. There is no general hospital in my constituency; local residents usually use the Broomfield hospital run by the Mid Essex Hospital Services NHS Trust, which is based in the neighbouring constituency—that of the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns)—or the foundation trust hospital in Colchester for acute care services. Mental health services are provided by the North Essex Partnership NHS Foundation Trust.

[Priti Patel]

My constituents are served by two of the five primary care trusts in Essex. Those who live in the Braintree district council or Maldon district council parts of my constituency fall within the area covered by the Mid Essex NHS trust, whose budget for 2011-12 has increased to just under £520 million. Those who live in the wards covered by Colchester borough council find themselves being dealt with by NHS North East Essex, whose budget for 2011-12 has risen to just under £547 million.

Later, I will give examples of cases in which constituents have faced unacceptable problems with those health trusts. In the meantime, it is worth looking at the obscene levels of bureaucracy, administration and management that have taken hold of those organisations. The number of managers and senior managers employed by the East of England strategic health authority doubled under the previous Government from 1,300 in 1997 to more than 2,700 in 2009. At Mid Essex Hospital Services NHS Trust, more than £10 million is spent annually on 29 senior managers and 79 managers. In the North East Essex PCT and its three predecessor trusts, the proportion of administrative staff rose from 19% to 33% between 2001 and 2009. The number of managers and senior managers increased from 25 to 84.

Finally, Mid Essex PCT, which serves the majority of my constituents, and its four predecessor trusts, saw administration and staffing levels rise from 17% to 33%, and the number of managers go up from 10 to 102. When we consider that those two PCTs were formed from seven predecessor organisations, it is fair to say that the growth in management and administration over eight years is quite shocking. The PCT now spends almost £13 million on management costs alone. That money, which my constituents and I view as hard-pressed taxpayers' money, has been taken away from essential local medical care to staff a bureaucracy. Mid Essex PCT is also experiencing slippage in progress on its quality, innovation and prevention plan and, as a result, could now miss its year-end target by £2.7 million. On 16 November, the minutes of its remuneration committee, which have not been disclosed fully, indicate that performance bonuses were to be paid to the chief executive and its executive directors.

What concerns me is not just the vast sums of money increasingly flowing into the pockets of bureaucrats and managers, but the way in which the PCT is behaving and functioning since it embarked on its reorganisation. It seems to have no real idea as to what it is reorganising into. That is a cause for alarm. I hope the Minister is aware that last autumn, North Essex PCT and Mid Essex PCT decided to form a cluster with West Essex PCT under a new chief executive. The first I heard of that change was when I received a press release last September. In a massive blaze of glory, it was announced that the chief executive of the strategic health authority would form closer working arrangements with the PCT.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The hon. Lady has spoken at some length and with real passion about money being poured into the appointment of bureaucrats and managers. In her mind's eye, a hospital bureaucrat is a man in a bowler hat with a brief case, but is she aware that many people who are dubbed managers in the health service are actually former senior nurses, such as her colleague, the Minister, who bring much of their clinical background and expertise to bear on their role? Nurses in particular get a little pained when politicians talk about managers and discount the fact that many of them are people with a very solid clinical background.

Priti Patel: I recognise that NHS managers have a range of health care backgrounds and bring a number of skills to the table. Of concern to my constituents though is the fact that we are dominated by managers who tend to have administrative rather than clinical backgrounds, and they are making key decisions about patient treatment, and even about medical care and access to drugs. None the less, I thank the hon. Lady for her comments and her valid point.

This brings me to the overall efficiency and effectiveness of the reorganisation. I have been told that reorganisation will lead to a significant step forward in delivering greater efficiency for the people of north Essex. None the less, I constantly have to ask the PCT, "What does this mean? What will this look like? What are the costs of the reorganisation?" I was told last autumn that the PCT could not quantify the cost of reorganisation as the process of reconfiguration had only just started. I have been asking for updates, but as yet, have not received any. Each time I ask anything, I am told that my question cannot be answered "at this time".

There is far too much uncertainty. I welcome reorganisation, efficiency drives and reductions in management and bureaucracy costs, but there are major implications for front-line services. The language of the PCT is constantly about reorganisation producing greater efficiencies, which I would not dispute, but the PCT still has no detailed plans to show what the greater efficiencies will look like and what the formation of the new cluster will mean for local services.

The merging of back-office functions to save money is to be welcomed and I have no issue with that. In this case, however, I have discovered that there is no forward plan in the form of a route map and details of how things will operate. I have been asking questions for six months, but I have not received any substantial details about the new cluster, the staffing arrangements and what it will all mean for patient choice locally. I have sent written questions to the Secretary of State about the reorganisation but, again, I have not had a response.

Will the Minister examine this reorganisation and ensure that more information is made available to the public so that they have some sense of what kind of decision making is taking place locally within the new cluster and the PCT, and what it will mean to them in terms of access to health care and local services? It appears that many of the decisions have been taken behind closed doors, with very little accountability and transparency. It is in the public interest to know what has transpired within the reorganisation, and what the new arrangements will look like as well as the costs and the benefits.

As the PCT should rightly be beginning its winding-down process prior to its abolition, I would like to hear from the Minister about the redundancy arrangements for senior PCT managers. I am sure that that is a matter that is naturally in their minds right now. In view of the colossal levels of waste caused by PCTs, my constituents will be very disappointed to see PCT chief executives

and other senior directors receive golden goodbyes to boost pension pots or huge redundancy pay-outs. In the interests of accountability and transparency, all constituents across the country will be looking, during the NHS reforms, for some encouragement from the Government on that issue.

Before I move on to some individual cases, let me just say that I make no apologies for being critical of NHS bureaucracy. In my limited time as an MP, I have seen endless examples of red tape standing in the way of my constituents getting the best health care that should be available to them. I am overwhelmed by the whole culture of tick-box management that has pervaded my local NHS. It is something with which I have been battling, day in, day out, on behalf of my constituents. It is an alarming state of affairs.

Let me now draw to the Minister's attention a couple of cases. I have been in touch with the Minister and the Department about the issue of Sativex. There have been two cases in my constituency in which the PCTs have refused to treat patients on the NHS with the drug Sativex despite their doctors' recommending its use to help with multiple sclerosis. In both cases, the PCTs have been able to afford to pay more to their managers and to spend more on red tape and bureaucracy, but have refused to provide vital medical treatment to my constituents.

First, Mr Shipton from Tollesbury was recommended Sativex by four doctors, to help his condition. Those doctors are medical experts who have been treating him and who are aware of his condition and medical needs. However, last September Mid Essex PCT, acting through officials sitting on its area prescribing committee, thought that it knew best and decided that it would not accept a request for Sativex to be prescribed to Mr Shipton on the NHS. That left him in considerable pain and distress. It then took more than a month for the chief executive of the PCT to respond to my request for copies of minutes of the meeting at which that decision was made. The minutes stated that the PCT declined to prescribe Sativex to Mr Shipton

"due to a lack of evidence of significant long-term benefit. Clinical trials are of very short duration and do not compare with current treatment."

Despite that, however, Sativex is already licensed—in fact, it was licensed last June—for use to improve symptoms in multiple sclerosis patients with moderate to severe symptoms, clearing the way for the PCT to prescribe it. Indeed, the PCT itself had made 31 previous prescriptions of Sativex in 2009-10.

My constituent, Mr Shipton, ended up sourcing Sativex privately, at the cost of £125 plus VAT per bottle, which is a course of treatment that lasts for only two weeks. Contrary to the conclusions of the area prescribing committee, the drug is having a hugely beneficial effect on Mr Shipton. If the bureaucracy of the PCT had not stood in the way, he could have received that treatment at a much earlier date and he would not have had to endure extreme suffering and pain, as well as what I would describe as an unnecessary bureaucratic process.

I have another constituent, Mr Cross from Tiptree, who has also experienced horrendous problems. In fact, his wife, Mrs Cross, is on the phone to my office on a weekly basis, updating us about the terrible position that her husband is in and the suffering that he is experiencing. He has had horrendous problems receiving a prescription of Sativex, although in this instance the obstacle has been dealing with North Essex PCT. Mr Cross is wheelchair-bound and in terrible pain, experiencing constant spasms. In fact, he has recently been in hospital. Given his condition, any treatment would be a welcome relief for him. There is double suffering for his wife, as it were, because she is now effectively his full-time carer. Once again, getting access to this drug has been terrible. He has had his consultant neurologist battling for him and making his case, and I too have battled for him and made his case. But North Essex PCT, despite issuing 16 prescriptions for Sativex in 2009-10, still refused to prescribe this treatment for Mr Cross and gave him a highly dismissive response.

When I took up Mr Cross's case from September 2010 onwards, I began a process of constant correspondence with the PCT. All I received were evasive non-responses and the odd reference to Mr Cross's "medical needs", which were then just dismissed. I found that totally unacceptable. Mr Cross's condition has since deteriorated and he has been in hospital again. There needs to be a recognition of the endless stress and strain that this process puts on his own domestic set-up, especially his dear wife who is now his constant carer.

There is a compelling case for action in both of those cases, to press the PCTs to provide this drug. Also, both of my constituents have made the point that they have spent their lives working hard, doing the right thing and contributing to society. They felt that in their hour of need the NHS would be there for them, but now they feel that it has not been there for them. That is unacceptable. Although I appreciate that the Minister cannot intervene in individual cases, I ask her at least to examine these cases if she possibly can.

There are two other cases that I want to touch on briefly. The first is that of my constituent Mrs Emily Wetherilt, and again I would welcome the Minister looking into it. It is another example of a local PCT failing to perform adequately to meet the medical needs of my constituents. Mrs Wetherilt is 96 years old and requires 24-hour care. However, despite her case meeting the published criteria for NHS continuing health care funding, Mid Essex PCT has refused to provide any care whatsoever. So there has been no support for her from the PCT. Mrs Wetherilt's daughter has taken up this matter directly with the PCT's panel twice and she has been declined on both occasions. The PCT categorically refuses to look into this matter again, because an appeal had not been lodged within the two-week window that was available to Mrs Wetherilt's daughter.

Many of us recognise that in cases such as this one, when a constituent's family is caring for them, the family's priority is looking after their family member and it is not to follow an appeals process within a two-week window. People become very emotional and providing care takes precedence. That care is the priority. Consequently, the tone and the attitude adopted by the PCT are utterly bureaucratic and deeply unhelpful.

Mrs Wetherilt's daughter has also offered to work with the PCT to find out whether it is possible for the PCT to part-fund her mother's care, but that suggestion was dismissed by the PCT without even being addressed. That is another example of the inflexible bureaucracy that fails to put patients' care and needs first. It is more about the process—ticking boxes and filling in forms—and that is wrong.

[Priti Patel]

I have a final shocking case to highlight. It is one that I have raised previously in the House and it is that of my constituent, 14-year-old Bethanie Thorn. Last October, Bethanie was struck down with a terrible illness and left bed-ridden. She literally went from being a healthy teenager one day to being completely bed-bound two days later. The cause of her symptoms was unknown and she became unable to eat as her condition deteriorated. Nevertheless, she faced lengthy delays to get an MRI scan and the other vital checks that were needed to diagnose her condition.

It was only last November, when I raised this matter on the Floor of the House, that the Secretary of State looked into Bethanie's case and appointments were made for her to have an MRI scan. People in urgent need of an appointment should not have to rely on the Secretary of State, local newspapers or their constituency MP to raise their case and sort appointments out. It shows how serious this case was that, shortly after her scan and check-up, Bethanie was admitted to hospital and she was only able to return home two months later, at the end of January. Her mother has effectively become her full-time carer and her family have had to battle at every single stage for care, appointments and treatment, which is appalling. I must say that, if Bethanie had received the appointment that she needed straight away, she would probably be in a better state of health today. The Minister will appreciate that this has been terribly distressing for Bethanie and her family.

When the NHS was pressed about this case, the only explanation given for the delays was something described as a "broken pathway". I have no idea what a "broken pathway" is in NHS management talk, but the case has highlighted just how damaging poor performance and failures in NHS services can be to individuals. This girl's life has changed beyond all recognition now. This case also demonstrates what can go wrong when there are endless layers of bureaucracy in the NHS; it was unclear throughout whether it was Bethanie's GP, the PCT or the hospital services who were actually responsible for ensuring that Bethanie received the care that she needed. There was to-ing and fro-ing constantly—there really was.

Like all Conservatives, at the last general election I was absolutely proud to stand on a manifesto commitment to cut the waste and bureaucracy in the NHS, so that we could invest in the front-line services and give more powers to doctors and patients. I want to reiterate that in my short tenure—10 months—as a Member of Parliament, all I have seen are examples of how bureaucracy has got in the way. If nothing else, I will continue to battle to get the services for my constituents, in the face of adversity—that is, in the face of bureaucracy.

I welcome the measures that have been announced by the Government about the reforms and plans for the NHS. The purpose of mentioning these cases now is to highlight the fact that in Essex we have seen more of the non-medical side of the NHS in action locally than we have of the medical side, which shows the need for reform of patients' treatment.

Finally, I want to draw attention to the fact that there is some hope for my constituents. That is the hope that they have placed in Government legislation to reform the NHS. As the Minister will recall from Health questions last week, Witham town is the most urban part of my constituency and Witham town council and others have put forward a very strong case for there to be more health care specialist services in our town. Although Colchester, Braintree and Chelmsford all have significant health facilities, including general hospitals and community hospitals, there is nothing for the people of Witham in our town, and there is nothing for the people from the surrounding villages. That gives the impression locally that there is a two-tier health system.

I mentioned at the start of my remarks that the Witham area includes some pockets of serious deprivation and has a growing population. Unfortunately, the PCT has not taken enough action to close the gap created by the changing demographics and local needs. Maltings Lane is a new housing development in Witham town. It has evolved over a number of years, and many more new homes and other facilities will be built there over the next 10 years, but it was begun with no plans whatsoever for additional health care services. That issue needs to be addressed in the long run, and I hope that the Minister can help my town council, along with our district and county councils, to work with the PCT and the forthcoming GP consortia to develop additional local services that seek to meet local needs. The issue is one of supply and demand, and there is a crying need but no provision.

As a starting point, the town council, to its credit, is working cross-party locally with all our councillors, and has put together a list of services that Witham needs, including an additional surgery, an out-of-hours walk-in clinic, minor injury, oncology and out-patient clinics and a diversity of medical-testing facilities. By adding some of those services to Witham and the surrounding communities, we will naturally see real benefits in the form of health care provision, choice and diversity, and we will enjoy the convenience of more local NHS services.

I am conscious that I have spoken for a considerable time and that many other Members wish to speak, so I shall conclude by saying that although I could raise many more health-related issues, I hope that I have given the Minister a real insight into the challenges that we face in Mid Essex, where we are surrounded by a lot of health activity but have had this bureaucracy that has stifled both the delivery of front-line care to patients, and the choice aspect of health care provision locally. I thank the Minister and colleagues for their patience in listening to my remarks, and I look forward to the Minister's response.

11.32 am

Mr David Amess (Southend West) (Con): I congratulate my hon. Friend the Member for Witham (Priti Patel) on securing this debate, and particularly on how she has raised concerns on behalf of her constituents. Witham is very fortunate to have her as its representative.

I served on the Health Committee for a decade; in fact, I was on it for so long that towards the end of that time we were repeating inquiries. We travelled to a number of countries and when we returned home, we always concluded that our health service was the best in the world. We did wonder, however, how on earth we would fund the service if we were starting it from scratch.

Since I first became involved in health matters, the needs and demands of the health service have changed dramatically. I am in a very good position to comment on such matters because when Ann Widdecombe was shadow Secretary of State for Health I was one of her troops, serving on the Committee on the Bill that brought into force primary care groups and primary care trusts. Although the right hon. Member for one of the Southampton constituencies got slightly irritated with my endless questioning and long speeches, if anyone is very sad and wants to read *Hansard* I recommend the speeches that I made then because everything that I forecast would happen, sadly, has happened. It has taken the present Government to reverse what happened 13 years ago.

I am very familiar with four hospitals: Newham General, the King George in Ilford, Basildon and Southend. I will not share my views of my experiences at those hospitals, because I was there not just as a politician but as a user, along with my family. I shall simply say that the experiences were very different from one another, and they are ongoing.

Let there be no doubt that I agree with everything that my hon. Friend the Member for Witham said. I have to be slightly partisan; I have to tell my hon. Friends who were elected last year that I feel very strongly that during the 13 years of Labour Government the word "deprivation" was not on the register at all for the south of England. There is no doubt that resources shifted from the south to the north. All I say to the Minister, who has a wonderful background, is that I hope we will now be treated fairly. I am confident that that will happen.

I am more concerned now about management generally, particularly that of our hospitals. Why is a school considered good? Because it has leadership from an excellent head. Why are transport facilities good? Again, because there is good leadership. Why is a country successful? It is because of a great Prime Minister. I am challenged on a number of fronts by leadership in our hospitals. I will not go on about matrons, but when people are anxious and have health problems, with which they need to go to A and E for example, they want to know who is in charge. It is not rocket science. Nor is cleanliness and all the rest of it. Leadership is so important, and I do not care if a leader is seen as a bossy boots, like Hattie Jacques. I am fed up with managers who have endless meetings. What are they meeting about? As MPs, we have to take full responsibility for how we represent our constituencies, and if something is not right it is down to a hospital's chief executive—it is no good their blaming the troops.

My hon. Friend the Member for Witham touched on some matters concerning Essex, for example the demographic pressures and shifts. The council and the NHS have developed, and are continuing to develop, joint commissioning arrangements there. That is very good. In Essex, we are working hard to implement the White Paper, and are progressing well with putting into practice the Government's flagship reforms. The Secretary of State has been criticised in some areas for rushing the reforms, but in my time in the House I cannot remember a shadow Secretary of State who was in post for as long as my right hon. Friend was, so he had a lot of time to think about the reforms. This is the only job that he wanted, so the idea that he is rushing is wrong.

In Essex, commissioning with the independent voluntary and community sectors is going extremely well, as is the scrutiny of health functions. As the changes—some of which are controversial and challenging—go through, will the Minister reflect on how our hospitals are managed? That is so important. In my previous constituency the fullest age profile was for young people and in my present one we have the most centenarians in the country, so the challenges are very different in different places.

I want to raise a number of quick points. I will not cause the Minister angst, but she will be aware that there is an issue locally with the Essex Cancer Network and the proposal for an increase from seven to 10 linear accelerators. I hope that any increase is in Southend, and that we do not look further afield. The Minister would expect me to say that, and I do not want to put her in a difficult position.

For the past nine months, all health and social care partners and representatives of patients, carers and care homes have been working in a formally governed partnership to deliver an innovative and integrated model of care for the elderly locally. Will my hon. Friend the Minister look at how we are dealing with that? Over the past year, partners have worked together to open a new "step up" intermediate care facility on the Southend hospital site. I wish that many years ago, managers had considered more carefully when deciding to close Rochford hospital. Unlike Basildon hospital, which has plenty of land around it, Southend hospital is landlocked and has nowhere to expand, and we are paying the price.

Demand for care of the elderly is increasing, and I am not entirely convinced that we have a solution at the moment. Children's services in south-east Essex are doing well. We have been recognised as baby-friendly by UNICEF and have received a certificate of commitment. We are launching a new service for children and young people with disabilities and we are opening a new diabetes rehabilitation suite. Southend hospital has secured a patient safety award. Many good things are happening.

GPs are being asked to deliver health care reforms. When Bernard Ribeiro, who has now been made a peer of the realm, was the lead consultant at Basildon, it was clear where the leadership of consultants was. I am puzzled to know who leads groups now. Endless meetings are held, but we need ownership and someone to take responsibility for what happens when a patient arrives at hospital. Who sees them first? When they go to accident and emergency, are they seen quickly by triage? Who deals with their case afterwards?

We have many wonderful GPs in Southend—Dr Husselbee, Dr Pelta, Dr Lawrence Singer, the Zaidis; the list is endless—and they are all working hard to deliver what the Government want. I believe that my constituency has the only GP pathfinder consortium in south-east Essex, and it has one of only seven partnerships in the east of England announced during the first wave. The group covers a population of nearly 80,000 patients, mainly in the west of Southend.

The practices have been working well together for the past three years and have managed to set up out-of-hospital ear, nose and throat, gynaecology and urology services, which give rapid access to specialist care at less cost to the NHS than at present. The group has implemented a clinical gateway that enhances GP referrals, reduces waste and ensures that patients get to the right specialist first time, which is critical to reducing the amount of

[Mr David Amess]

money spent and the stress caused to patients waiting for referrals. Practices co-operate closely, with patients attending other surgeries for minor surgical procedures.

As a result of such close working for the past three years, the group is moving forward and seeking to become a sub-committee of the primary care trust, which will not exist within 18 months, and to take greater control of the budgets delegated to it by the PCT. The group has ambitious plans to improve care for the elderly, which I salute, as well as the health of patients with long-term conditions.

When local authority work begins, close working relationships will be vital to align the health and social care budgets to enable—colleagues might be puzzled by this phrase—more integrated working. That will be better for patients and lead to greater efficiencies. Similar joint working is happening between community and mental health programmes. The Health and Social Care Bill clearly puts patients at the centre of the NHS. This is controversial, but when budgets are stretched it is vital that the public are part of the process for deciding how the commissioning budget will be spent. We must take people with us if they are to accept that resources are scarce.

I am delighted to say that our local group has a grant from the Department of Health to define what public involvement should look like. A successful meeting was held recently involving a wide range of stakeholders—that awful word—including patient voluntary organisations, special interest groups and representatives from the local involvement network, Southend and Essex hospitals and the community. It is expected from the initial meeting that an agreement will be reached on how the public can best be involved, both at strategic level and in making decisions about specific projects. One possible outcome involves forming a group of health champions who have received training on commissioned health services.

I will not take up any more of the House's time, as it is not fair to the colleagues who are waiting to catch your eye, Mr Dobbin, but I say to my hon. Friend the Minister that it would be good for the Department of Health to take seriously any representations made by hon. Members for the great county of Essex.

11.45 am

Robert Halfon (Harlow) (Con): I, too, congratulate my almost-neighbour and hon. Friend the Member for Witham (Priti Patel). She made an incredibly powerful case about the individual against the state and the powerlessness that people feel against state agencies, which is why we need to return power to the people. I thank her for securing this important debate. I am sorry that my hon. Friend the Member for Southend West (Mr Amess) has been to all the hospitals in Essex apart from Princess Alexandra hospital in Harlow. I strongly recommend it; it is a good place.

As has been mentioned, Essex is a large county, with five primary care trusts and more than 1.4 million people, which is roughly the same population as Northern Ireland's. Some variation in such a large area is natural, but sadly, my constituency contains serious health inequalities, despite the best efforts of local staff and the Princess Alexandra hospital. Addressing them is not just about health and a stronger work force; to me, it is also about social justice.

I have three points. First, we suffer from significant health inequalities, as I said. Secondly, Harlow has a good hospital; it has its problems, but I strongly support its bid for foundation status. Thirdly, we have a history of funding problems, particularly in west Essex—I am glad to move from north Essex to west Essex—and they must be addressed.

On health inequalities, sadly, more men die from alcohol-related causes in Harlow than in any other district in Essex. The latest statistics show that there are 45 such deaths in Harlow every year, double the rate in nearby Uttlesford and about 50% more than the east of England average of 30 a year. I accept that Harlow is a major town, but families there are struggling with a particular problem, and the rate is higher than in similar towns in Essex such as Colchester and Basildon. Harlow also experiences some of the worst rates of child and adult obesity in Essex. Government statistics show that one in five 11-year-olds in Harlow is obese before leaving primary school. Some 55% of 15-year-olds in Essex drink alcohol, 19% are regular smokers and 13% use drugs, but the problem is particularly acute in Harlow. The rate of adult drug abuse in Essex is 4.8 per 1,000, but in Harlow it is nearly double, at 8.3 per 1,000.

I do not want to paint a negative picture of Harlow. I am proud of my town and constituency. There is some good news. Local faith and charitable groups are aware of the challenges and are responding to them. The organisation Open Road runs an SOS bus and does other anti-drug work, helping people access advice, information, support and more formal treatment if needed. Some other remarkable drug rehab charities do essential work behind the scenes. There are many walking groups, and I have been to a number of events organised by the Harlow athletics club, which is one of the most distinguished groups in the region. Projects such as Kickz work with young people, providing football, boxing and other fitness pursuits.

In that context, Princess Alexandra hospital has had problems, but hopefully it will become a foundation hospital. With a new chairman and chief executive, the hospital is making a strong bid for foundation status, which I support. I have found the chairman of the hospital, Mr Coteman, to be open, honest and straight-talking about the difficulties that we face in Harlow. He is also dedicated. On Christmas day, I visited the hospital wards with Harlow hospital radio and was astonished to see not only that the chairman was going around visiting patients, but that he had brought his whole family with him after travelling from Cambridge for the day. That shows a lot of commitment to the hospital.

It is not just Mr Coteman. I visited the cancer ward at Addison House with Robert Duncombe. The ward is very well run. We have talked a lot about waste and bureaucracy, and of course, we have those problems, but it is a completely different story at Addison House, where five staff share a small office, and when I say small, I mean really small.

The Princess Alexandra hospital is at the cutting edge of research, with its cellular pathology laboratories, for which I hope NHS support will continue. Having visited the laboratories, I know that the genius of their people and their technology is remarkable and bests anything

in the private sector. However, the difficult environment means that the Princess Alexandra hospital needs the foundation status for which it has applied in order to take its work to the next level.

I want to touch upon the history of the funding problems in west Essex, which are all the more serious given the health inequalities that I have described. Under the previous Government, West Essex primary care trust struggled with the 20th worst deficit in the UK, and the black hole for 2009-10 was nearly £2 million. I welcome the coalition Government's commitment to increase health spending in each year of this Parliament, but it is a question not only of getting the right resources, but of spending the money wisely.

When I was a parliamentary candidate, I found out, via a freedom of information request, about a £700,000 cut in funds to the NHS walk-in centre in Harlow. Finances had been mismanaged, so much of the investment was wasted. There have been serious problems with health management, as well as health inequalities, which we must address under the new ways of devolving purchasing power to GPs. I particularly welcome the pledge to remove strategic health authorities, because they seem to be a complete waste of resources and an unnecessary tier of bureaucracy. That money would be much better ploughed into the work of nurses, doctors and health visitors on the front line. I think that the Health Secretary said at the Conservative conference that managers have so far been cut by 2,000 and that front-line staff have been increased by 2,700. I am sure that the Minister will want to clarify that.

On NHS fuel and petrol allowances for workers, I was astonished to discover when I visited my mental health trust that NHS mental health professionals who use their cars all day for their work—this is not just about commuting, but about visiting patients—get tiny fuel allowances, some just 12p a mile. I have tried to investigate the issue, but there seems to be a spaghetti junction of authorities that decide what the rate is. It is unfair, when petrol is at £1.35 a litre, that their fuel allowances are so low. I urge that dedicated NHS professionals who use their cars all day for their work should get a decent fuel allowance.

We must deal with the health inequalities in Harlow. To coin a phrase, we must be tough on health problems, but tough on the causes of health problems, too. Ultimately, the evidence is that we need more early intervention and preventive work, but the cause of many health problems is social deprivation. It is jobs, a stronger economy, higher employment, and opportunity for the many and not the few that will give us a healthier society, which is why I welcome the Government's economic reform, with lower taxes for lower earners and deficit reduction. It is about not just pure utilitarianism, but social justice.

We must do more. We need more partnerships with grass-roots community groups, such as the local Harlow branch of the Alzheimer's Society and the Harlow athletics club, which I have mentioned. Hospitals should be the first, not the last resort, which is part of the problem that we face in the NHS today. To do that, resources must be directed towards prevention, and the best people at prevention are the small community and faith groups already in our estates, working with people. When we open up NHS contracts, we must make it easier for small charities and firms to bid for them, as well as the larger, "Tesco" charities. There is fear in some parts of my constituency that our health reforms will be monopolised by vast health conglomerates. I very much hope that we see more co-operatives. I understand that the PCT in Kingston has become a co-operative. If that is the case, I hope that it will be a model that other PCTs and GP commissioning bodies can follow.

I have always said that the big society will only work if we build the little society, too. We must bring real localism to our NHS. We have to give patients meaningful choice. Harlow struggled for years with top-down cuts under the previous Government. For example, the North Essex trust, which, as has been mentioned, supplies mental health services, suffered a £5.3 million cut in 2007.

Finally, why is it that whenever the previous Labour Government cut our services in Harlow, it was presented as a fact of financial management, but whenever the coalition Government are forced to cut spending, it is seen as an ideological outrage? That double standard must be addressed. I am glad that our NHS budget is guaranteed to rise in real terms every year in this Parliament, and hope sincerely that Harlow patients and residents will get their fair share. I look forward to the Minister's forthcoming visit to Harlow to see for herself the NHS in operation.

Jim Dobbin (in the Chair): Before I call the final speaker, I remind hon. Members that the wind-ups normally start at 10 past 12.

11.56 am

Jackie Doyle-Price (Thurrock) (Con): Thank you, Mr Dobbin. Like my hon. Friends, I should like to congratulate my hon. Friend the Member for Witham (Priti Patel) on securing this debate and on giving an articulate exposition of the inherent tension between process and outcomes. I think that one thing that we are all looking forward to from the Government's health reforms is a greater focus on achieving outcomes and rather less on the processes that she has outlined.

This issue is of great importance to my constituents in Thurrock. Frankly, considering recent years in particular, the performance of our local health services needs to be better. I pay tribute to the staff involved in the care and treatment of patients—they discharge their efforts with the best of intentions and commitment—but, as my hon. Friend the Member for Southend West (Mr Amess) has pointed out, what is often lacking in the health service is leadership. In south-west Essex in particular, poor management at a number of levels has resulted in too many people being failed and in local people's confidence in the local health provision being too low. We all need to work hard to improve that and give people the health services they deserve.

I shall give some clear examples. My constituents rely on services provided by Basildon hospital, and the primary care trust responsible for delivering them is South West Essex PCT, which is currently implementing a severe programme of cuts, following a significant overspend. I shall deal with the hospital first, but as hon. Members will realise from my remarks, the ongoing issues at Basildon are interlinked with the overspend in the PCT. Dealing with that overspend will have implications for the hospital, too, so there is a great deal of uncertainty among my constituents, and a serious lack of confidence in local health services at present.

[Jackie Doyle-Price]

Basildon hospital has had a difficult recent history. In November 2009, the then Secretary of State, the right hon. Member for Leigh (Andy Burnham), made a statement in respect of Basildon hospital, following concerns about excessively high mortality rates there, which my hon. Friend the Member for Southend West will remember extremely well. The then Secretary of State said:

"There is still considerable variation in standards throughout the NHS, from one hospital to another, and in some cases the variation is unacceptably wide. That is the case in respect of Basildon and Thurrock University Hospitals NHS Foundation Trust."—[*Official Report*, 30 November 2009; Vol. 501, c. 855.]

[HYWEL WILLIAMS *in the Chair*]

Since that time and despite various programmes to tackle poor performance at the hospital, my constituents and I are concerned that such variation is unacceptably wide. The hospital management tell me that things are improving, but my postbag tells a very different story. Although many constituents report excellent treatment at the hands of the hospital, simply too many do not. As I say, week in and week out, there are reports in the local press of new things that have gone wrong. The impact on my constituents is that they simply do not have confidence in the hospital and they do not want to be treated there.

It is true to say that there has been some improvement since 2009 but, returning to the then Secretary of State's statement, that has happened from a very low base. The Care Quality Commission continues to find that there are serious deficiencies in patient care. Most recently, the CQC's February 2011 report states that of 16 measures taken into account, four needed action and six received suggestions for improvement. Criticisms include a lack of consistent nursing care, a failure to check that equipment is safe, the need for improvements to care for patients with dementia, and issues with poor nutrition and weight loss going unreported.

The hospital's management are taking rather too much satisfaction from the improvements reported by the CQC. It does no one any good that the reputation of Basildon hospital remains so low. However, there is an opportunity to achieve real change. The current chairman is due to depart and I hope that the Minister will take steps to ensure that the opportunity is taken to provide some decisive leadership to the board, so that the real challenge to improve performance can be dealt with.

On the state of NHS South West Essex, many treatments have recently been cut by the PCT—including in vitro fertilisation—and restrictions have been put on cataract operations. As a Government, we have promised to protect the NHS budget from cuts and we have held to our promise. However, in south-west Essex, people just do not believe us because they are faced with a cost-cutting programme to fix a black hole of some £50 million. How did the PCT get into such a mess? In the past two years, it has taken on 100 extra backroom staff. Those people were not involved in front-line delivery; they were working in the PCT headquarters. The PCT also spent money building a community hospital in Brentwood that is far bigger than required. When I visited that hospital, I went around switching on lights in redundant facilities. That service was commissioned under the private finance initiative, so it will be an enduring cost to the NHS budget. It is a classic example of complete incompetence in managing the commissioning of a service.

A further reason for the overspend brings me back to what has happened with Basildon hospital and the impact that that is having on the wider health provision in south Essex. As confidence in Basildon fell, patients were desperate to be treated elsewhere, which meant that the PCT had to buy services from other hospitals in Essex, London and Kent. The hospital was faced with a loss to its income because of the decline in demand, and it dealt with that by routinely booking additional out-patient appointments in the knowledge that the PCT would pick up the bill. Such a situation added to the financial pressure.

No one has been held to account for the PCT's overspend. Patients therefore perceive what has happened to be a direct result of the Government's programme. I cannot emphasis enough that that is not the case. The responsibility for that overspend rests firmly with the PCT's management. It is disappointing and bad for public confidence that no one has taken responsibility. Unless someone is held accountable, how can we ensure that our constituents regain confidence in the system and trust what we say? When we say that we are ring-fencing the NHS budget, that sounds pretty hollow to my constituents. I pay tribute to Andrew Pike, the newly appointed chief executive of the PCT. He has grasped the nettle and is making the necessary painful decisions to turn the situation around. The price of that is an accelerated programme of redundancies and carefully managed demand for services. That means patients are not getting seen as quickly as they would have done, and my constituents are not getting the same standard of service they would if they lived elsewhere. It also means that the new hospital planned for Grays is likely to be delayed as we fill the black hole, which will lead to much disappointment locally.

I look forward to hearing the Minister's comments on those issues. Too often, poor performance in the NHS goes unchallenged. While ever-senior NHS managers continue to draw hefty salaries, the least we can expect is that when things go wrong, someone steps up to the plate and takes responsibility. It is galling for members of staff to receive redundancy notices when the people who are responsible for that overspend remain on the NHS payroll. I hope that the Minister will take action to improve accountability among senior management because that will go a long way towards rebuilding confidence.

12.5 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The hon. Member for Witham (Priti Patel) is to be congratulated on obtaining the debate. Many of my constituents move to Essex as a kind of upward trajectory, so I listened with great interest to what she had to say about a part of the world with which I am not as familiar as I probably should be. The week after the Lib Dems have turned savagely against the Conservative-led coalition's health care policies—the British Medical Association is debating them today and, as we know, doctors are very worried about what is proposed—hon. Members will expect me to touch on the health reforms generally and how they will affect the people of Essex.

I listened with some sympathy to the complaints of the hon. Member for Witham about bureaucracy. As I have been a Member of Parliament for 20 years, I have tangled with more bureaucrats than I care to remember. However, I always like to stop short of sounding as if I am dismissing people who work for the health service as a whole. My mother was a nurse. She was one of that generation of West Indian women who helped to build the health service after the war. We have to remember that however frustrating it is as Members of Parliament or even as members of the community to deal with bureaucrats in the health service or elsewhere, there are thousands and thousands of people without whom the health service could not work or function. They will tell us that they have survived more reorganisations than they care to remember. They are still there, getting their heads down and trying to provide a service for our constituents.

The hon. Member for Witham made an important point about the proportion of elderly people in our population. We do not have time to deal with that matter fully, but people are living longer and they are suffering from ailments such as Alzheimer's and other things. Elderly people make up an increasing proportion of the population. A few weeks ago, I went to a nursing conference and a senior nurse said to me that, when she was on the wards, the mean age of elderly patients was about 80. The mean age of elderly patients is now 90 or 100. Elderly people now pose very different problems from those that the elderly posed a few years ago. It is important that we consider the question of how we secure high-quality care—I am reminded of that awful ombudsman report that was published a few weeks ago—how we pay for it and how health care interconnects with the issues of public health and social care. I hope that we will have a chance to return to those matters.

I remind the hon. Lady that, despite her letters to bureaucrats and her undoubted frustrations on behalf of her constituents, when my party left office, satisfaction with the health service was the highest it has ever been. Hon. Members can say that the population was deluded on that, but I do not think that that is correct. We are talking about massive MORI polls. People's satisfaction was higher than ever. There had also been massive levels of investment, not least in Essex. She will be aware of the new unit at Colchester general hospital, which includes an updated children's ward. It is fully open and operational, and that £20 million project marks the biggest investment in the hospital's facilities since it opened in 1985.

Apart from general frustration with bureaucracy, there are specific issues in relation to health care in Essex that are worth mentioning in this short debate. The hon. Lady mentioned Broomfield hospital. She will be aware that, just a few weeks ago, it was highlighted that although the hospital takes more than £1 million a year in car parking charges, its car parks still lose money because it is spending £1.2 million on running costs, including on CCTV, attendants and capital investment—they must be extremely well paid attendants. We also know that the hospital's move into its £148 million PFI wing was delayed twice before finally opening in late 2010. The opening day was pushed back because staff were trapped in faulty lifts. We also know that the same hospital spent £400,000 on art for its new wing, which was commissioned as part of the development and funded through PFI. PFI is expensive enough—we may debate that at another time. To spend the money on art, when we know how ridiculously expensive PFI can be, seems quite strange.

There have been all sorts of care warnings about hospitals in Essex, such as Queen's hospital in Romford. We know that the Romford project will be the first of a number of pilot reviews of PFI contracts to see if the costs can be brought down, and anyone who cares about the health service must welcome that. We know that the Braintree community hospital has defended itself after paying out nearly £20 million in damages for clinical negligence. If we are focusing on bureaucracy, we have to focus on how those things happen. We know that the Southend University Hospital NHS Foundation Trust, with which hon. Members will be familiar, has had to respond to concerns about safety, which were raised by the Care Quality Commission. We know that the West Essex primary care trust risks not being able to give an 18-week referral-to-treatment time. We know that NHS South West Essex has a very large overspend—its deficit has been improved, but it still has an overspend—in relation not to bureaucrats, but to acute hospital activity.

We also know, which I find alarming, that the Basildon and Thurrock University Hospitals NHS Foundation Trust is now trying to make savings by allowing waiting lists to extend. That implies a 14-week wait on first appointment, which is why an hon. Member on the Government side said that, when ordinary residents and voters are told that money on the health service is being ring-fenced, it rings rather hollow. Up and down the country, not just in Essex, they can see waiting times lengthening, and new hospitals and new health care facilities that have been promised being delayed. It is for the Government, who have made much of their protection of health care spending, to explain that. The real issue is this. The hon. Member for Witham spoke glowingly about the reforms, but sadly I have news for her. She seems to believe that those reforms will help with the issues that she has raised. As she would know, however, if she had followed the Health Committee, there is a real challenge involved in trying to introduce those reforms, whatever we think of them, while at the same trying to achieve unprecedented savings in health care. The Health Committee doubts whether that can be done.

No one argues with the notion that GPs could have a lot to offer in the commissioning of care, but as the president of the Royal College of General Practitioners has said, there are other ways to do that without subjecting the health service to a top-down reorganisation. I do not want to be unpleasant, but the Government promised, all through their time in opposition, that they would not subject the health service to any top-down reorganisations.

Priti Patel: Will the hon. Lady give way?

Ms Abbott: Time is against me, because I want to give the Minister plenty of time to respond. That is what we were promised—no more top-down reorganisations. As for waste of money, one problem with letting all those PCT bureaucrats go is that they have to be paid redundancy. The hon. Lady said that she hopes that they will not be paid big redundancy packages. I am afraid that they will be, and many will be re-employed. GPs will be less accountable to patients and the danger that many people,

[Ms Abbott]

including GPs, see is that the big American health maintenance organisations will be able to get inside and act as commissioners for GPs, who, after all, joined the health service to heal and not to be managers.

I feel sorry for Government Back Benchers. They believe that the issues that they find so challenging about bureaucracy, cuts and patient accountability will be solved by the reorganisation. I can say with complete confidence that, if anything, the reorganisation, which is too fast and at the wrong time, will make those problems worse. It gives me no pleasure to say that, but anyone who has analysed the so-called reforms can see that they are a car crash in slow motion.

12.14 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): It is a pleasure to serve under your chairmanship, Mr Williams. I do not believe that I have had the pleasure before. I congratulate my hon. Friend the Member for Witham (Priti Patel) on securing the debate. The fact that she has attracted so many of her fellow Essex MPs is a testament to the importance of the issue. The health services in any MP's constituency are always of major concern and it is fantastic to have an opportunity to raise some of those issues in the Chamber.

I must add to the comments made about the staff in the NHS. The staff in Witham, and across Essex, should be congratulated on their work. I trained as a nurse, like the mother of the hon. Member for Hackney North and Stoke Newington (Ms Abbott), and worked in the NHS for 25 years. I understand, therefore, some of the complexities of their job, and their dedication and expertise in driving benefits for my hon. Friend's constituents on a daily basis is valued greatly. As a Government, we want to ensure that we support all staff and give them the framework to provide the highest standards of care for everybody they treat.

Before I go further, the hon. Member for Hackney North and Stoke Newington need not feel sorry for Government Back Benchers at all. She does them a disservice by suggesting that they do not see the reforms for what they are. They are an opportunity, for the first time, to bring patients and their clinicians closer together in shaping the services that they need. She is right to say that the previous Government put untold investment into the NHS. Spending on health doubled, if not more, in the time that they were in government. It is important to realise, however, that just chucking money at services does not mean that they will get better—we need to have value for money. Taxpayers expect and deserve that, and for every pound of taxpayers' money that goes in, £1-worth of services needs to come out at the other end, and that is central to the debate.

We have set out proposals to free the NHS from bureaucracy and central control. My hon. Friend the Member for Witham eloquently set out her concerns, as did a number of other hon. Members, about those levels of bureaucracy and about her constituents receiving the health care that they need, with the choices that they want and with the highest standards that they deserve. Like all members of the public, we want to end the overbearing top-down oppression and give front-line professionals the freedom to innovate and make decisions based on their clinical judgment and the needs of their patients, rather than centrally dictated, process-driven targets that have dogged the NHS in the past 13 years.

Responsibility for budgets and commissioning care will transfer from bureaucrats to consortia of clinicians, so that we can drive up the very highest standards of health care and achieve the highest outcomes that are specific to local communities. My hon. Friend the Member for Harlow (Robert Halfon) raised the issue of inequalities in health. It is critical to have outcomes that are consistent for everybody, not just a few, and a much simplified system—without two layers of management, the strategic health authorities and PCTs—which is, actually, reorganised in a way that is less top-down and more bottom-up. Why are we doing that now? Now is the time to do that, because now is the time that we are determined to drive down the overall administrative costs to the NHS, and achieve a better dialogue and partnerships with health and care professionals in all sectors.

Pathfinder consortia are now in place across all five Essex PCTs, involving a total of 146 practices and serving a population of almost 1 million people. The Essex commissioning consortia pathfinder in the area of my hon. Friend the Member for Witham consists of seven practices and serves a population of 70,000—debates are often an opportunity to demonstrate that we know all about the figures. I understand that the Witham practices are in negotiations about forming a mid-Essex consortium.

My hon. Friend the Member for Southend West (Mr Amess) raised a point on funding. As part of our desire to improve the standard of NHS care up and down the country, we are consistently increasing the amount of money that we provide. Total revenue investment in the NHS in 2011-12 will grow to more than £102 billion a year. The allocations announced on 15 December will provide PCTs with £89 billion to spend on the local front-line services that matter most—that is an overall increase of £2.6 billion, or 3%. Of that, Essex will receive £519.6 million, which is a cash increase of 3.2% above the national average. From 2013-14, the NHS commissioning board will allocate the majority of NHS resources to consortia, and funding will be arranged so that every area gets its fair allocation, based on the burden of disease and disability, which, again, is a point that my hon. Friend raised. Details of that will be announced shortly.

My hon. Friend the Member for Witham discussed population growth and demographics, and the pressures that they will bring to bear. I am pleased that the county council is taking a proactive approach—that is the thing to do—to get ahead of the game and make improvements to public health. With an ageing population, it is critical that people stay healthier for longer.

On redundancy and staff, there is, in fact, a great deal of natural wastage in the NHS already, and there are schemes such as the mutually agreed resignation scheme, which is intended to help the process. To some extent, redundancy is dictated by legislation and locally agreed terms and conditions of service. Some good staff will move on to assist the consortia.

The clusters that my hon. Friend spoke about are an important part of the transition, gradually moving upwards through the PCT organisation. The new consortia come in at the bottom. I suggest that she arrange

monthly meetings with the PCT because, clearly, there are many issues that she wants to raise, in particular individual cases. She discussed the problems of Mr Shipton and Mr Cross not receiving Sativex. Of course, that will change when we have consortia, and clinicians make commissioning decisions. That will change things, and it will increase the opportunities for patients and their families to affect decisions.

My hon. Friend spoke about the case of Mrs Wetherilt, which sounds absolutely dreadful—no one should have to battle away like that—and she has raised the case of Bethanie on several occasions with the PCT. I do not know the details of it, and, as she recognises, I cannot intervene, but it is important that systems work for people who have complex needs or diagnoses. It is critical that we get that right.

On that point, I know that my hon. Friend the Member for Braintree (Mr Newmark) would have liked to mention the new community hospital in Braintree. It is a good example of a community hospital that serves the local community, which is what people want. I know that he campaigned long before the present Parliament on getting the right services for pregnant women who need maternity care.

My hon. Friend the Member for Southend West has a long and distinguished career on the Health Committee. I could say that I learned everything I know at his knee. Having sat on the relevant Bill Committee, his frustration over the formation of the PCTs must at times be unbearable. Being a prophet of the unwelcome consequences of legislation is not necessarily any comfort, albeit it is to his credit. His comments about leadership are so important, and it is not just clinical leadership, but leadership across the board. Something that does not often get a mention is political leadership. Politicians and people in government have to be clear, when they are talking about health services, that nothing but the highest standards and quality of care will do. We have to keep saying that and be unrepentant about doing so. What the Government can do is set the right framework and outcomes. We get what we ask for, and if we ask people to wait more than four hours in accident and emergency, that is what we will get. Whether or not that is measured does not necessarily determine whether anyone gets better. Therefore, the Government have to be clear about exactly what they want, and not chase headlines.

Linear accelerators: does not everyone want one? Everyone would like a linear accelerator. However, my hon. Friend the Member for Southend West is right in saying that we have to take the public with us when we make such decisions. "Consultation process" is a hackneyed phrase now. I do not think that anyone has much confidence in consultation processes. What we have to do, and what I feel we will be able to do through the health and well-being boards and the involvement of local authorities, is get a real and democratic voice for local people. I share my hon. Friend's dislike of the term "stakeholder". We are taxpayers; it is our money.

My hon. Friend the Member for Harlow discussed inequalities, and was right to say that they are a matter of social justice. For instance, it is outrageous that in Westminster there is a 17-year difference in mortality: people born in some parts of Westminster may live 17 years less than those born elsewhere in the borough—that is truly shocking.

My hon. Friend raised the issues of alcohol-related deaths and obesity, and discussed the fantastic work done by many local organisations. Again, health and well-being boards will be an opportunity to put public health right at the heart of local authorities, which have a long and proud history of improvements in public health and bringing together all the organisations that do so much.

My hon. Friend was also right to say that there is tremendous social capital in our communities. In my travels around the country—I try to get out a lot, for fear someone might say that I do not get out enough—I have been fascinated to find in some of the most deprived areas the greatest social capital, innovation and response from local communities to do something about their problems. They want a way out of poor health outcomes and the crime in their area, and their resourcefulness is outstanding.

My hon. Friend the Member for Thurrock (Jackie Doyle-Price) discussed variations between Thurrock and Basildon. She was right to say that they are completely unacceptable. We cannot interfere from the centre with appointments, but she was right to reiterate the need for first-class leadership, and it was good to hear her positive comments about the new chief executive. The organisations around the country that do well have good leadership, and it is not about driving a coach and horses through something, which is what I fear the previous Government tried to do. They tried to dictate from the centre and tell people what to do. Actually, what good leaders need is inspiration and enthusiasm. They need to gather people up along the way and have a clear vision of what everyone is working towards. Such skills are hard to define, but we recognise them when we see them. I hope that Essex will get the leadership that it clearly deserves, and for which all Members of Parliament in that area have been fighting.

I agree 100% with my hon. Friend on getting accountability right. As a constituency MP who has a PCT with one of the worst financial records in the country, I know that, sadly, it is the public who suffer as a result of poor management. We are determined to get accountability right. Again, that comes to setting the right outcomes.

I believe that GP consortia, health and well-being boards and public health in local authorities will result in the kind of joined-up planning that all Essex Members want, and that we will see the improvements in health care services and public health that we want. I have outlined some of the ways in which we intend to transform the delivery of services and ensure that, in the transition from the old system to the next one, we get a patient voice that is loud and clear, and that patients get the services and the care that they need and deserve.

Richard Lee Primary School

12.30 pm

Mr Bob Ainsworth (Coventry North East) (Lab): Thank you for calling me, Mr Williams, and for presiding over this debate. The Richard Lee primary school in my constituency is a 1950s Hills-system-built school. It is built of reinforced concrete and high-alumina cement, and it has simply come to the end of its design life. Its rebuilding was repeatedly delayed because of needs arising from rising rolls in Coventry and demand for new-build schools, but it was due to be rebuilt in 2009. As a result of the collapse of another school in Coventry, that rebuild was further delayed.

The devolved capital budget for the Richard Lee primary school last year was £49,150, £40,000 of which was spent on essential repairs and maintenance, leaving practically nothing for any development within the school, any enhancements or any improvements. This year, that devolved capital money has been reduced to £9,439. The main problem with the Richard Lee school, according to the head teacher, is that it badly needs a new roof. It simply cannot be patched any more. There are patches on patches, it is coming apart, and water is ingressing the school in many places. Even if a new roof were possible with the school's construction, it would cost in the order of £500,000.

The school needs a new boiler, and has had to close twice in recent months because the boiler has failed, but the cost would be £40,000. The windows, which form entire walls in many of the classrooms, are being pulled apart by the strains on an ageing building. As a result, they are draughty, cannot be secured, and are sometimes sealed with curtains and pieces of cloth to make the classroom environment something like bearable. A quote for replacement windows is of the order of £110,000.

Six toilet blocks are in need of refurbishment at a cost of £7,000 a block. There are awful smells and regular flooding from blockages. Despite £15,000 being spent to sort out the drains, that did not solve the problem in its entirety, and on one occasion sewage flowed freely across the school car park. There is rising damp in classrooms. They are being recarpeted and retiled regularly, but children cannot sit on the floor for story times or anything else without sitting in wet.

There is a lot of asbestos throughout the school, and although it is safe in its undisturbed state, the cost of any repairs is considerably higher than it would otherwise be. Because capital funding is being spent on repairs and maintenance, second-hand furniture is regularly bought from other schools that manage to obtain new equipment through their budgets.

The Minister and the Government claim to be interested in the big society and believe that organisations other than the Government should make a contribution to the maintenance of services that people need. The school is pretty good at tapping into local organisations and scrounging money. Local firms, such as E.ON, Jaguar Land Rover, the Prince's Trust and local church groups, have all helped by painting and decorating parts of the inside and outside of the school. When I visited it recently, there was evidence in two separate classrooms of teachers painting the walls having bought paint to decorate their own homes.

A burst water heater resulted in reception children being taught in the corridor for more than six weeks while attempts were made to dry out the classrooms and lay new flooring. The children returned to their classrooms in February, after the half-term break, but sadly the new flooring is already beginning to lift because of damp and will have to be removed again during the Easter break. I hope that this time it will be refloored satisfactorily.

The education welfare officer, who monitors attendance weekly, is worried about the number of absences through illness. With 4.5% of pupils absent, she believes that those genuine absences are due in part to the cold, damp conditions that the children must endure in many of the classrooms. The school does not comply with disability discrimination legislation. It has seven flights of stairs inside and four outside. They cannot, without huge expense, be adapted with ramps or lifts because of the nature of the building.

The council is so worried about the state of the school that, in May last year, it commissioned a technical report to see what needed to be done, whether the school was safe, and what the options were for keeping the school open and viable. A technical report by Martech Technical Services Ltd said that for the time being the school is safe, despite evidence of carbonisation of the cement, and therefore the beginning of corrosion of the steel reinforcement of the concrete structure, and that it could have its life extended for 10 years, but that the costs would be considerable. A simple 10-year extension of the school's life would require concrete repair costing about £20,000, corrosion inhibitor costing about £40,000, anti-carbonisation coatings costing about £30,000, a new roof, which the head put at £500,000 and Martech put at £450,000, and preliminaries costing about £90,000. It gave no figures for contingencies such as removal and replacement of ceilings, asbestos removal, access and internal redecoration. I put those figures to the Minister in the light of the school's capital programme of £9,439 a year.

As I was going through what I would read out from the report, I was worried that the Minister would think that I am exaggerating the difficulties, so would he be prepared to visit the school? I have been in politics for a long time, and I am rarely surprised by what I see. Nevertheless, a visit to this school is shocking. It is a good school and its recent Ofsted report—received only yesterday—stated that there have been considerable improvements, that the school is well led with an engaged and supportive governing body and that the teaching staff have made significant efforts to improve the output of the school. Ofsted is not obliged or encouraged to talk about school buildings, as that is not part of its job. In this case, however, the Ofsted report did comment on the state of the building and the impact that that was having on the school.

What on earth is the school to do with £9,400? The council is desperate to include a rebuild of the school in its capital programme, but the uncertainty about that programme, and the diminished resources that it has for the whole school estate in Coventry means that it is worried about committing to technical appraisals and the architectural work that would be needed. It does not know whether the rebuild money is likely to be forthcoming in the near future, and such technical work would take a big slice of the Coventry capital programme. I would

like the council to go ahead with the necessary preliminary planning work so that the school can be rebuilt at the earliest opportunity. I do not believe that extending the life of the school is in any way viable, but the council needs reassurance about its future capital programme before it makes a considerable outlay at the expense of other school needs in the city.

I do not know whether the Minister can provide any comfort with regard to plans for the future. The Secretary of State talked about the varying needs of primary schools, perhaps as part of moves to excuse his decisions on the Building Schools for the Future programme. He said that there were other needs, and that it was not only about secondary schools. Having reached this situation, however, there is no alternative for Richard Lee primary school other than a total rebuild, even though, as the Minister knows, that will be expensive and in the order of £8 million.

If the Minister believes that I am in some way exaggerating the difficulties faced by the school, I ask him to come and have a look. I am sure that he will be as shocked as I was by the state of the school buildings. If he cannot find time to visit, perhaps he would be prepared to meet a delegation so that some of the dedicated governors and teaching staff can meet him, and he can see in detail some of the things that I have seen. Most of all, may we have clarity about future funding programmes so that the council can make a commitment to what is needed? Even if we have a programme now, it will be 2013-14 at the earliest before a new school can be provided.

Having got through this winter, I frankly do not know how the school will get through next winter, and I am certain that it will not be able to do so with a capital programme of £9,000. The degree of patching and mending evident at the end of this winter is far more than the school's resources can cope with. Good people are providing a good education to children in my constituency, but they are being undermined by the appalling state of the buildings in which they are asked to work.

12.44 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I congratulate the right hon. Member for Coventry North East (Mr Ainsworth) on securing this debate and on raising an issue of concern in his constituency. I do not know whether this is the first time he has secured a debate in this Chamber, free from the constraints of being a Minister; I know how frustrating it can be as a Minister that one does not get the opportunity to air important constituency matters. However, the right hon. Gentleman has certainly aired one such matter today very graphically, and I appreciate the concern that must be felt by him, by parents and by teachers regarding the state of the school that he described.

The Minister responsible for schools, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb), is unfortunately detained with Committee work today, but I will pass on the request for him to visit that school if he is in Coventry, or to meet a delegation. I know that he has campaigned on behalf of schools in the past, and that he is a strong advocate for improving provision for all pupils, teachers and parents.

As the right hon. Member for Coventry North East knows, improving provision is a priority that the Government share. Even in times of austerity, we are determined to make this country's education system among the best in the world by ensuring that schools prepare every pupil for success. I congratulate Richard Lee primary school on the comments it received in the recent Ofsted report. The dedication of the teaching staff and those signs of improvement are doubly to be congratulated because of the challenging physical circumstances involved.

Our ambition is based on the simple but profoundly important principles of giving teachers and heads greater freedom, giving parents greater choice, providing higher standards for pupils, and reducing the amount of red tape in the system. We have taken steps to achieve those aims. The academies programme has been expanded, and we are now looking at the national curriculum with the intention of restoring it to its intended purpose—a minimum core entitlement beyond which teachers can tailor their tuition to meet the particular needs of pupils. By February 2011, the Department for Education had received 323 proposals to set up free schools, and that initiative is progressing. Through such changes, each local area will have a good mix of provision, and parents will have real choices for their children.

As the right hon. Gentleman persuasively argues, school buildings, teaching staff and pupils need to be a continuing part of the investment, and the coalition Government are committed to ensuring that that remains the case. However, we are faced with exceptionally tough circumstances. The appalling economic and financial inheritance left by the previous Government, of whom the right hon. Gentleman was a member, is one of those obstacles. The amount that the Government currently spend on debt interest payments could be used to rebuild or refurbish about 20 primary schools such as Robert Lee every day. We urgently need to reduce the deficit, and the previous Government knew that. They had already set a target of a 50% reduction in Government infrastructure expenditure by 2014-15, but they failed to admit that an impact on school building would be inevitable after such a reduction. Although I recognise the parlous state the school is in, it is not something that happened over the past nine or 10 months. The situation has been in decline for some time, and there were opportunities to address it in the past.

The underlying financial position was not the only element that the previous Government chose to ignore. Since four-year-olds are too heavy for storks to transport, there is generally four years' notice of a child's need for a primary school place. A small part of the pressure on places arises from migration and immigration, but the birth rate has been rising since 2002, levelling off for a couple of years from 2007.

Two years ago, Members of the then Opposition highlighted the increasing need for primary school places in a debate in this Chamber. On 3 March 2009, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), now the Minister responsible for employment relations, consumer and postal affairs, led a debate on the need for primary school places in London. My hon. Friend the Member for Bognor Regis, now the schools Minister, and my hon. Friend the Member for Brent Central (Sarah Teather), now the Minister responsible for children, also took part. All speakers underlined the need for

[Tim Loughton]

action to ensure that there are enough school places for the children who need them, and although the debate focused on London, the issue has spread beyond the capital.

Making sure that there are enough places in schools is fundamental; it is the most basic need of the school system. Nevertheless, the Government of the day chose not to treat the matter with the seriousness it required. Instead of tackling the need to which my hon. Friends drew attention, the Government proceeded with their unaffordable and inefficient Building Schools for the Future programme, announcing the entry of new authorities to that programme on 15 July 2009, and last year on 8 March and 5 April, just before the general election.

However, I must be fair to the previous Government. They were not the only ones who failed to respond to rising birth rates and the impending pressure on school places. Local authorities have statutory responsibility for ensuring that there is a school place for every child who needs one, and several authorities have been slow to respond to the emerging evidence of pressure on school places.

As well as being responsible for ensuring that there are enough school places, local authorities are responsible for ensuring that schools such as Richard Lee primary school are kept in good condition. Clearly, that is a particularly big challenge in this case. Schools shoulder some of that responsibility through the delegation of school management to the schools themselves. The central Government capital grant is intended to help, but the maintenance of premises is one of the purposes of revenue budgets. The revenue budget for the 484 pupils of Richard Lee school in 2010-11 was more than £1.5 million, which averages about £80,000 for every 25 pupils—an average class size. Freedoms for schools entail responsibilities and, for every school, those responsibilities include a share of the maintenance responsibility.

However, none of that improves the situation of the pupils of Richard Lee school, some of whom have been having lessons in conditions that no one would regard as satisfactory, as the right hon. Member for Coventry North East rightly highlighted. I was relieved to learn that all the classes are now at least taking place in classrooms. I understand that, as he said, for a spell after the boiler burst, some classes were taking place in corridors, which is completely unsatisfactory.

We are taking a number of urgent and decisive steps to tackle school building needs. First, we have put a stop to the bloated and misdirected Building Schools for the Future programme, because we recognise, as the right hon. Gentleman's party did not, that the top priorities for investment in school buildings have to be ensuring enough school places and tackling poor building condition—precisely the needs that Richard Lee primary school embodies. Through the work of the capital review that Sebastian James is leading for us, we are developing ways of managing capital that will be more efficient and give better value for the funds spent. We expect the review to report in the next few weeks.

In the announcement of 13 December, £13.4 million was allocated to Coventry city council and its schools for capital investment in Coventry schools in 2011-12. We expect similar levels of funding to be allocated from 2012-13 to 2014-15. The allocation forms part of a national allocation for Department for Education capital of £15.8 billion during the four years from April this year to March 2015. To put that in perspective, the figure for 2014-15 is 60% below the historic high of 2010-11, but the average annual capital budget during the four-year period will be much higher than the average annual capital budget in the 1997-98 to 2004-05 period.

Within the allocations, basic need and maintenance are the areas to which we are giving priority. For 2011-12, the grant to Coventry for new pupil places is £6.5 million and the maintenance allocations come to £5.8 million. It is now up to Coventry city council to decide its priorities for the available funding, having regard to the building needs of the schools in the city and in line with its statutory duties and local priorities.

Mr Ainsworth: I seek clarification. I want to make the Minister aware that there are four Hills system schools in the city, two of which are in my constituency. The school that we are discussing is but one of them. He appears to have just talked about a capital allocation for Coventry that in total is about £13 million. He knows that a rebuild of Richard Lee in itself would take about £8 million of that city-wide £13 million pot, leaving practically nothing for distribution to the rest of the city. Is that figure to remain the same, and is my understanding correct that he said we would have clarity on the capital budget within the next few weeks?

Tim Loughton: The right hon. Gentleman knows that if we had more money from Building Schools for the Future—if money had been spent much more efficiently on the schools that were built at that time—more money would have been left over in the budget to spend on primary schools that are in a parlous state. I did say that the Sebastian James review will report in the next few weeks—imminently—about how we will approach capital spend in the future. I hope that the right hon. Gentleman will be able to take some clarity from that.

The situation is not easy. As I have said, we are in very tight budgetary circumstances, but I entirely recognise the particularly harsh circumstances in which Richard Lee primary school finds itself physically at the moment. I gather that Richard Lee was included in Coventry city council's original primary strategy for change submitted in 2008 as part of the city council's primary capital programme. Work on the school was to be a new build project, with an estimated budget cost of £8 million, as the right hon. Gentleman said.

However, the school was not subsequently prioritised in the council's primary capital programme. That was a matter for the council. Instead, another school was deemed a higher priority due to its condition and the need to address additional pupil numbers. One might wonder about the state that school must have been in compared with the school to which the right hon. Gentleman is referring.

The primary capital programme will not continue beyond the current comprehensive spending review term. Therefore, there will be no opportunity of funding for the school through that route. However, I understand that Richard Lee school is now the council's top priority for capital investment when funding can be identified.

We know that there are schools, such as Richard Lee, in need of refurbishment that missed out in previous Government capital programmes, and people feel that they have therefore been treated unfairly. We are determined to continue to invest in the school estate overall. It is for local authorities to determine their priorities locally. As I have said, the average annual capital budget during the period will be higher than the average annual capital budget in the 1997-98 to 2004-05 period. However, I recognise that in the short term it will be difficult for schools to adjust to reduced capital funding.

We will introduce a new approach to capital allocation, which will prioritise ensuring enough places and addressing poor conditions as quickly as we can. That model will be outlined in the capital review, which, as I said, will report in the next few weeks. Within the funding available to us, our intention is that the new model will prioritise areas that are experiencing high pressure to increase the number of school places and those with buildings in most need of repair, as would appear to be the case for Richard Lee school.

We are determined to ensure that money is spent on school infrastructure and the buildings themselves, not on bureaucracy and processes, which have claimed too much of the funding in the past. Even when funding is tight, it is essential that buildings and equipment are properly maintained to ensure that health and safety standards are met and to prevent a backlog of decay that is expensive to address. Clearly, the patching of patches that the right hon. Gentleman mentioned is not the most effective way of spending resources.

By stopping Building Schools for the Future projects that were not contractually committed, we have been able to allocate £1.337 billion for capital maintenance for schools, with more than £1 billion being allocated for local areas to prioritise maintenance needs. In addition, £195 million will be allocated directly to schools for their own use. We have also allocated £800 million for basic needs in 2011-12, which is twice the previous annual level of support. We expect similar levels of funding to be allocated from 2012-13 until 2014-15. The capital allocation for this year for Coventry city council and its schools was announced on 13 December, as I said. It is now up to the council to decide how it prioritises its local spending.

I entirely appreciate the right hon. Gentleman's very genuine and clear frustration with the state of that primary school in his constituency. I repeat my congratulations and thanks to the staff and governors for the job that they are doing in very adverse circumstances. We are determined that in future what reduced moneys there are for capital spend will be targeted at those most in need, in terms both of the condition of the fabric of buildings and ensuring that sufficient places are available, given rising school rolls. I hope that the right hon. Gentleman will be able to see from the results of the James review, coming out soon, how we intend to achieve that, so that there may be some renewed hope for his school—now at the top of Coventry's priorities—to get a better settlement in the future to deal with the problems that it clearly has. I will pass on his request for a visit or for a meeting with a delegation to the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton, who is responsible for schools. Once again, I congratulate the right hon. Gentleman on having raised the subject today.

New Homes Bonus

12.59 pm

George Hollingbery (Meon Valley) (Con): It a pleasure to serve under your chairmanship, Mr Williams. I welcome the Minister to the debate and I am glad to see him almost in his seat.

I spent 11 years as a district councillor in a local planning authority. As many colleagues will know, being a local councillor is a frustrating affair, but never more so than when it comes to the provision of housing for local people. Many obstacles are set in the way of local councillors, and there is often great hostility. With huge numbers of people on the housing waiting list, I wished we had been able to get to grips with the issue better.

Regional spatial strategies provided for local plans and core strategies to include more houses. That was a valuable stick, which ensured that many authorities made plans for homes, when they might not otherwise have done so. However, the inclusion of houses in local plans and local development framework core strategies was almost always achieved in the teeth of fierce resistance from local people. A great many houses were planned but never built, and that is a key issue, which we need to confront. Plenty of areas did not have regional spatial strategies; indeed, in my time, the south-west still had not put even the bare bones of a spatial strategy in place.

Most important, however, the strategies removed the need for local councillors to think about the merits or demerits of increasing local housing. They could simply hide behind the Government's skirts and say, "It is all that nasty Government's fault that new houses have come to your area." They never needed to confront local people or hostile sections of communities about why increasing local housing provision was a good thing. Quite simply, that infantilised councils. Furthermore, the arrangements gave a huge advantage to those who opposed the plans. One thing follows the other; if a positive argument is not made for increasing local housing, it is hardly surprising that the most extreme views on the other side win the day.

I therefore greatly welcomed the Conservative party's publication two or three years ago of its Green Paper "Open Source Planning". It talked about a huge change of emphasis in our approach to planning. We were going to consult much more deeply with local communities, about not just the houses themselves but the reasons why they might be required. We were going to acknowledge that people lost amenity when large amounts of housing were built. We were going to provide a carrot, which we now know as the new homes bonus, to compensate local people in some way for the fact that they would have problems when the new houses came along. That was good common sense.

I already knew at that stage that deep consultation was absolutely necessary. In the Winchester district, we had the courage to act ourselves. We went out into the community and consulted widely. We sat down with large groups of local people, ran workshops and tried carefully to explain why we wished to build more homes. As a result, we found that we could persuade people. If we took the arguments out there and set them out rationally, people would listen; they would accept more housing if they could see why it benefited their communities. We received 3,000 separate responses to the consultation, including nearly 50,000 separate comments. That just goes to show that we really can engage communities if we wish to. That change—consultation, getting together with communities and deciding with them what they need for their areas—forms the principle plank of the proposed changes.

Neighbourhood planning empowers local communities to shape their own responses to their population's needs, as set out by their local councillors, and councillors have to make that case persuasively. That is all well and fine, but where does the new homes bonus fit in? As I said, the issue is loss of amenity, which is slightly difficult to quantify. Most of the benefits that people think about when we talk about new homes are in the realm of public goods. For example, new homes might provide the critical mass for the local shop, ensure the continuation of the local school or reduce out-commuting in search of local employment. All those things are persuasive, and it is difficult to relate them to the fact that people will be stuck in more traffic when they go to work or might find it more difficult to see the local doctor. However, many individual households will see little, if any, direct benefit from the fact that new houses are going up.

Why not soften that blow, therefore, with a contribution towards whatever the community wishes to spend its money on? That is the right way to move things forward. Indeed, why not go further? There has been lots of criticism, certainly from members of the Select Committee on Communities and Local Government, that such an approach somehow involves bribery and that it is a bad idea for money to change hands in the planning system. I understand that argument, and I see where people are coming from, but if people suffer a direct loss of amenity and see their lives somewhat devalued, is there anything wrong with making a payment to them or reducing the amount of council tax they pay for several years? I think not. If people see that the authorities understand that they are genuinely losing something, even if only for a brief period, as a result of new homes coming along, we can responsibly make payments in kind to them.

For that very reason, it is incredibly important that all proposals for the new homes bonus include the assumption that spending should be very local to where the development happens. That leads me to my first question to the Minister. What about the 80:20 split in two-tier areas? Why does a county council need to have a share if compensating local people is the primary objective?

Mark Pawsey (Rugby) (Con): I congratulate my hon. Friend on introducing such an important debate. The 80:20 split is of great concern to Rugby borough council, which argues that it has taken forward the proposals for the new housing from which Rugby will benefit. It is concerned that a proportion of the new homes bonus will be allocated to the county council, which will benefit from development under the section 106 agreement and the community infrastructure levy. I hope that the Minister will give us a little more detail about where this 80:20 split comes from. I note from the responses to the consultation that it is a starting point for negotiation, but those who represent the authority in my area would be interested to understand a little more about where the split comes from and where it is likely to end up.

George Hollingbery: I thank my hon. Friend for that timely intervention. I absolutely agree with what he says. In a moment or two, I want to develop this argument a little further, because there is some confusion about where infrastructure comes from.

Graham Jones (Hyndburn) (Lab): It is a pleasure to serve under you, Mr Williams. My area is in a two-tier district. Does the hon. Gentleman accept that the funding for the new homes bonus comes from reductions in the formula grant, which affect the county council? According to the hon. Gentleman's argument, the reduction in Lancashire county council's formula grant will be redistributed only to the district authorities, which, in my area, is Hyndburn borough council. Does he not accept that that argument is flawed and that the Minister should not adjust the formula grants for shire authorities if they will not receive any of the bonus at the end of the year?

George Hollingbery: I thank the hon. Gentleman for his intervention. He makes some cogent points, which the Minister will want to respond to in a moment.

There is a danger here. We are clearly channelling payments down to a community for its loss of amenity, but it is dangerous for us to confuse that with the provision of infrastructure. Let me develop that argument a little more. Page 11 of "New Homes Bonus: final scheme design" states:

> "Local authorities will have flexibility on how to spend the unringfenced grant...In many cases this will involve advanced planning with other local service providers to ensure that there is timely delivery of infrastructure for the new development. For example, local authorities can pool funding to deliver infrastructure."

I hope that that will not be read as an invitation to spend the new homes bonus on infrastructure that would be provided by the community infrastructure levy or other agencies in any event. There is a dangerous blurring of the margins here, and I seek some reassurance from the Minister that the new homes bonus will be focused on local communities.

There is a further confusion. The community infrastructure levy is coming through. Section 106 will be narrowed to deal only with site-specific issues. On top of that, there is open spaces funding—I think it will still exist, although I am not 100% certain—and the new homes bonus. There will, therefore, be three potential ways of providing infrastructure, and I would like some reassurance from the Minister on the potential confusion about them. I have had evidence on the issue from local parishes in my area, and particularly from West Meon parish council, which I met recently. Its members were very confused about where open spaces funding would sit in the new matrix.

Just yesterday I received a letter from Hampshire county council, which is particularly worried about the timing of the community infrastructure levy. It says:

> "We believe the arbitrary date of April 2014 will cause serious problems both for ourselves and the district councils and risks triggering a growing infrastructure deficit."

It goes on to request that only local planning authorities with robust policies in place for CIL should be subject to the changes by April 2014. That causes me to worry that there is going to be yet more impetus for the new homes bonus to be spent on infrastructure that should otherwise be provided by different mechanisms.

Andrew Stephenson (Pendle) (Con): I congratulate my hon. Friend on securing the debate. I agree with what he has said and also the comments from my hon. Friend the Member for Rugby (Mark Pawsey) and the hon. Member for Hyndburn (Graham Jones) about the 80:20 split. Will my hon. Friend the Member for Meon Valley (George Hollingbery) comment on another issue? In my constituency there is a significant problem of empty properties. We have 896 empty properties in the town of Nelson alone. Will my hon. Friend join me in welcoming the Government's decision to include long-term empty properties being brought back into use as part of the new homes bonus, thus boosting the financial viability of regeneration schemes in areas such as Pendle?

George Hollingbery: That is entirely to be welcomed. I would add that a section in the recently published final scheme for the new homes bonus reminds us that the spending review also announced that the Government were investing £100 million through the Homes and Communities Agency to enable housing associations to support local authorities to bring more than 3,000 homes back into use. As a package, I think that is to be welcomed. It is right that the new homes bonus should also be made attractive by bringing empty homes back into use.

My second question to the Minister is about transfers across local planning authority borders. I emphasise again that the new homes bonus is to compensate for a loss of amenity. However, what about the loss of amenity to those sitting on the other side of a local planning authority boundary? All of us who represent rural constituencies—and even those who perhaps represent slightly more urban areas—will recognise a situation in which one planning authority plans a large number of homes in an area of its administration which will not have any effect on its citizens.

There is such a development in my constituency at Whiteley, where 15 years ago a large new development of 4,000 homes was built. It was immediately adjacent to Fareham town, which has no contacts at all with Winchester district. All contacts went south. Under current rules on the new homes bonus, all of that new homes bonus would flow to Winchester and not to Fareham where it rightly should be. Likewise, we are now confronted by a proposal from Fareham borough council, which wishes to build 6,000 homes on the border of Winchester constituency, with most of the loss of amenity affecting those in Wickham and Knowle in the Winchester district authority.

I believe we should be able to form neighbourhood forums across LPA boundaries, and some of the payment of the new homes bonus should go directly to those forums across boundaries. We should at least encourage the chief executives and leaders of local councils that reduce the amenity of those across the border to share and share alike.

Jason McCartney (Colne Valley) (Con): I thank my hon. Friend for giving way and for securing this important debate. House building is probably the biggest issue in my constituency at the moment. The Labour-led Kirklees council is pushing a local development framework plan using the old regional spatial strategy house-building target of 26,000. There is a lot of suspicion about that, particularly about the new homes bonus.

[Jason McCartney]

My hon. Friend spoke about the loss of amenity. My constituents are really worried about the loss of amenity of green belt, green fields and the countryside. Could we ask the Minister about the possibility of a massively disproportionate new homes bonus for houses built on brownfield sites and regeneration of empty homes, which my hon. Friend the Member for Pendle (Andrew Stephenson) mentioned, as opposed to a bonus for homes built on greenfield sites? That would be a really positive step.

George Hollingbery: I thank my hon. Friend for his intervention and add his question to the Minister's already long list.

1.14 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): It is a pleasure to serve under your chairmanship, Mr Williams, and I congratulate my hon. Friend the Member for Meon Valley (George Hollingbery), his hon. Friends and the hon. Member for Hyndburn (Graham Jones) on their contributions to the debate.

My hon. Friend the Member for Meon Valley fairly set out the problem that the new homes bonus is intended to address. For decades house building has failed to keep up with people's needs, and a combination of the recession and the regional spatial strategies targets that generated a bow-wave of opposition in many areas, led to a steep decline in the number of new homes provided. The year 2009 saw the lowest level of house building in England and Wales in peacetime since 1923, and the cost of a new home doubled in real terms between 1997 and 2007.

There is no doubt that housing is central to economic success as well as to personal well-being. We need to make building homes a motor for growth again. The new homes bonus will do exactly that. It has localism at its heart; it will re-energise communities; it will give them an incentive to say yes rather than no, which was the consequence of the top-down, target-driven scheme that it partly replaces.

Graham Jones: I welcome the Minister's comments that this is a positive policy to encourage growth, and his assertion that it will create growth. However, what is the incentive to build houses in light of the following two factors? The hon. Member for Pendle (Andrew Stephenson) touched on them. The first is population decline, and the second is the existence of too many houses already.

Andrew Stunell: I suggest that the hon. Gentleman look at the empty homes element of the new homes bonus as particularly appropriate for the communities of east Lancashire. My hon. Friend the Member for Pendle (Andrew Stephenson) made exactly that point. It is an important way of providing a market signal to those who own empty homes, to encourage them to invest in them and bring them back into use.

Graham Jones: I accept the Minister's point that long-term voids are not on the council tax base, but short-term voids are. There will be a mix when a row of terraced houses is demolished: there will be short-term empties, occupied houses and long-term voids. Some houses will be deducted, so short-term voids are included in the net figures for the new homes bonus. Will the Minister comment on that?

In describing his policies the Minister talks about regeneration, but also about two-into-one and three-into-one schemes. The hon. Member for Pendle has some of those schemes in his constituency which, I know, are very successful and are selling well. There will be net reductions in the new homes bonus available for constituencies such as Pendle. Surely, the two-into-one and three-into-one schemes and short-term voids should not be part of the new homes bonus. We need to add to the council tax base process an element that includes those that are on the council tax base, and not just talk about long-term voids that are not. Will the Minister accept those points?

Andrew Stunell: I notice that Pendle is credited with 107 new homes, so it will be getting the new homes bonus. It is only fair to my hon. Friend the Member for Meon Valley, who initiated the debate, to turn to his points.

It should be clear that the Department for Communities and Local Government has set aside almost £1 billion for the scheme over the spending review period, including £200 million in 2011-12. That funding for 2011-12, contrary to the assertion of the hon. Member for Hyndburn, is additional money outside of the grant formula.

The balance between market and affordable homes is also crucial and, therefore, there is an additional £350 payable for each affordable home for the following six years, on top of the new homes bonus for homes in general. That means that local authorities could receive up to £9,000 for each affordable home over the next six years.

Gavin Barwell (Croydon Central) (Con): I thank the Minister for giving way. I served with him on the Localism Bill Committee, and we had long debates about the benefits of incentives versus coercion. Does he agree that it is important that the Government should constantly review the level of the bonus, for both normal and affordable housing, to ensure that the incentive is sufficient to generate the necessary level of house building?

Andrew Stunell: I will shortly be speaking about some of the other incentives that are in place, but I agree with my hon. Friend that if we had more money we could have bigger incentives. Nevertheless, it might be wise to wait for the scheme to bed in before starting that revision.

The scheme will pay grant equal to the national average for the council tax band concerned on each additional property, and it will be paid for the following six years as an un-ring-fenced grant. I stress that it is not ring-fenced; the Government make no prescription and give no advice to local authorities on how they might spend the money. It is entirely a matter for the recipient authorities. That brings me to who are the recipient authorities.

My hon. Friend the Member for Meon Valley asked me to say something about the split between the county and district tiers in two-tier areas. First, I should say that in single-tier areas, 100% goes to the principal local

authority; in county areas, 80% goes to the district planning authority, and 20% to the county council. When I say "it goes", that is the default position, but it is open to each of those authorities to consider whether they want that to be the case in all circumstances. For instance—this is an example; it is not intended to be a Government directive—if the tipping point for the creation of a new primary school were involved, there might well be some other consideration than 80:20. I remind the House that when it comes to local authority spending, it is generally the case that 80% is spent by the county and 20% by the district, so we are inverting that ratio.

Every development is different and will need different services to support it, and different local concerns will drive the choice on how to spend the new homes bonus. Local authorities and local communities are best placed to negotiate those choices in meeting the needs of local neighbourhoods. My hon. Friend spoke of local communities having the loudest voice. I certainly agree with him on that, hence the 80%, but there are also parish and town councils; and in many unparished areas there will be residents' and community groups. I would expect sensible local authorities, in working through the new local planning arrangements with neighbourhood plans, to see the bonus as a vital part of negotiating effectively with those communities on how the new homes bonus should apply in those areas.

My hon. Friend also asked how the boundaries question would be dealt with, and gave the example of Whiteley. That may be seen as pulling in the opposite direction to his point about county and district investment, because both of the areas that he spoke of are in Hampshire. The county council will benefit by just over £1 million from the new homes bonus—that will be its 20% for the coming year—and it is a provider of services across both of the areas mentioned. In such situations, the fact that there is a top-tier section of the new homes bonus may be to everyone's advantage. In addition, the Localism Bill introduces a duty for local authorities to co-operate, which is relevant in establishing plans, taking decisions about how things such as the new homes bonus should be spent, and how some common objectives can be met.

My hon. Friend the Member for Colne Valley (Jason McCartney) asked about the possibility of adapting the new homes bonus to give preference to approvals on certain types of land. That is not part of the scheme; nor, as things stand, do I foresee it happening in future. However, the introduction of the neighbourhood planning system will give local communities and local neighbourhoods a much firmer grasp of such decisions as they build up their neighbourhood plans under the district plan, which is subject to the national planning policy framework. I hope that my hon. Friends are satisfied to hear that.

If I may, Mr Williams, I shall use the rest of my time speaking about the different streams of money that support the Government's intention to see vigorous, sustainable development across the country. My hon. Friend the Member for Meon Valley asked about open spaces funding. The Department has set aside £11.2 million for community green spaces funding for the coming year. That goes principally to supporting groundwork for the green flag award accreditation scheme, and the federation of city farms and community gardens partnership work programme. Those programmes continue on a comparatively modest scale, but the amount that local authorities choose to allocate for parks and other green spaces is rightly a matter for them.

George Hollingbery: Do I take the Minister to mean that open spaces funding will not be levied on developments from now on?

Andrew Stunell: I am sorry to say that I did not catch what my hon. Friend said.

George Hollingbery: I apologise. Am I to take his comments to mean that local authorities will no longer be levying an open spaces fund—a charge for open spaces?

Andrew Stunell: I shall take note of that question and write to my hon. Friend, so that I do not give a misleading response.

The Government have given communities the opportunity to participate much more strongly in the process of protecting spaces through the community assets list, the community right to reclaim land and the community right to bid and challenge. Local communities that are concerned about these matters therefore have a number of opportunities to become directly involved.

As well as the new homes bonus there is, as my hon. Friend said, the community infrastructure levy and section 106 agreements. Both are specifically directed to infrastructure investment and planning outcomes. They are different from the new homes bonus; they are not ring-fenced and there is no obligation for the money to be spent on infrastructure or related matters.

Local authorities will have the opportunity to introduce a community infrastructure levy. I note the concerns that my hon. Friend passes on from Hampshire, but it is important that we get these incentives in place quickly. If my hon. Friend lets me have that correspondence, the Department will give some thought to those matters.

Section 106 will be scaled back so that it is specifically directed to deal with the impact of particular developments. Statutory tests were introduced in 2010 to ensure that obligations are directly related to proposed developments. Regulations prevent section 106 agreements and the community infrastructure levy being collected for the same piece of infrastructure. After 2014, tariff-style planning and obligations will not be permitted. The characteristic level at which the community infrastructure levy is likely to fall would be between £5,000 and £10,000 per home. Taken with the new homes bonus, it is a really powerful incentive for communities to agree to new developments.

National Blood Service

1.30 pm

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Thank you, Mr Williams, for relieving me of my Chairman duties so punctually. It was a great relief to have a rest and a coffee before I opened this debate. I am pleased to see the Minister in her place, because this is a subject that she will understand from her time in the national health service. I requested this debate on the future of the National Blood Service to highlight the intentions of the Government to sell off "elements" of the service to the private sector. I understand that there have been some preparatory discussions with a number of contractors. That was revealed in a report in the *Health Service Journal*. Three possible contractors are Capita, DHL and TNT.

In the paperwork relating to this debate, Members may notice that I have an "R" after my name. I spent 34 years in the national health service. Although I specialised as a medical scientist in microbiology in the NHS, I spent some of my former years in the National Blood Service, particularly in emergency transfusion services, so I have some experience of the subject.

The NHS staff who deliver that service are highly skilled and highly trained and it is essential that they are. I notice that a number of my colleagues are here, and I am quite happy for them to get involved in this debate. I will only spend about 10 minutes talking on the subject.

The annual review of the National Blood Service—and it is its own review—highlights the efforts that have gone into offering a world-class service to the NHS. It is probably the best blood service in the whole of the globe. Thanks to its unique clinical knowledge and experience and the support that it receives from its many dedicated donors and families, many people who need blood and organs can be saved. In its annual review, the organisation has spent some time evaluating its system and performance. In other words, it has looked at itself in great depth and that has allowed it to achieve substantial savings and to lower the cost of a unit of blood. According to its annual review, a unit of blood has dropped from £140 to £130 and it should reduce further to £125 this year, which will mean a saving of £30 million a year to the NHS. That money can be reinvested in NHS front-line patient care.

The National Blood Service administers not just units of blood, but organ donation, tissue donation and work on stem cells. There have also been improvements in the delivery of organ donation procedures, including training additional specialist nurses and increasing the numbers of people who are prepared to contribute organs. User hospital trusts pay for the blood products and services. It is important that both hon. Members and the public understand that blood and tissue donors give their services for free.

Andrew Stephenson (Pendle) (Con): I congratulate the hon. Gentleman on securing this important debate. May I ask him a question on the subject of reform? The National Blood Service is crying out for new donors. Should the fact that there is still an arbitrary ban on certain groups of society giving blood, such as gay men, be up for review or does he think that such a ban is okay?

Jim Dobbin: Everything should be up for review at the present time. I am quite sure that the National Blood Service is considering that matter as part of its review.

Donors give their services absolutely free to the national health service. The Department of Health funds the production of all the organisation's services within its factories, processing centres and laboratories. The system has a record of sound financial control, of which the NHS should be proud. I was in the service when cleaning services were compulsorily tendered out to the private sector. If my memory is correct, that resulted in a reduction in the quality of service. We saw wards cleaned less frequently and an increase in hospital infections such as clostridium difficile, E. coli 0157 and methicillin-resistant Staphylococcus aureus. We have all seen the publicity that such infections have received. Privatisation would introduce an element of cost cutting in order to increase profit. Shortcuts, reduced training and a reduction in quality are all strong possibilities.

The public who donate their services for free will be discouraged from taking part if the profit motive is introduced. The demand for blood from those who have serious health conditions will not diminish, but the supply of donors is in danger of being reduced.

Mr Gerry Sutcliffe (Bradford South) (Lab): I congratulate my hon. Friend on securing this debate. As I understand it, the National Blood Service is allowed to use the blue flashing light to transport blood to the most serious cases. Is it not the case that if the service were privatised, the private sector companies would transport the blood but would not be able to use the blue-light service because it is restricted at the moment?

Jim Dobbin: If that were the case, it would make it much more dangerous for those patients who were waiting to receive that blood or organ. I would not like to see that happening.

The National Blood Service has created a strategy for each of its departments as it strives to improve its service and, looking at the review in great detail, in my view, it is succeeding. It is aware of the current economic situation and the constraints that it is working within over the next few years. It is planning more developments in future years. The question that has to be asked is why sell off something that is working so well. I understand that scientific staff have been angry about these moves. They have blasted the Government plan and demand changes to the Health and Social Care Bill, which will let private companies cash in on lucrative Government contracts.

Lisa Nandy (Wigan) (Lab): Does my hon. Friend share my concern about the staff who currently work in the National Blood Service? Many of them opt to work in such services because they believe in the public good and in the common good. Does he share my concern about the impact that privatisation will have on them?

Jim Dobbin: Yes. That is exactly right. Those staff, who are well trained specialists in their area, are very concerned about the damage that this proposal would

do to the blood transfusion system and they are very angry about what is possibly going to happen. Of course, they also fear that donors will walk away. There are 1.4 million volunteer donors at the moment. They donate about 200,000 units every year, which is a huge amount of blood, and all of it is donated voluntarily. Privatisation of the blood service has been tried in New Zealand and it drove down the number of blood donors. It deterred them from making that contribution freely, because donors do not like to see their organs or blood as part of a private sector business.

Why should the private sector profit from blood that is given freely? There is no private sector organisation that has the expertise to provide the range of services—blood supplies, tissue, organs and specialist products, plus the specialist research expertise—that are provided by the NHS blood transfusion service.

Jason McCartney (Colne Valley) (Con): I congratulate the hon. Gentleman on securing this important debate. He raised an important issue when he said that there are a number of reasons why people give blood. Personally, I gave blood at the Galpharm stadium in Huddersfield a couple of years ago because I was inspired by Adrian Sudbury, the journalist from *The Huddersfield Daily Examiner*. Before he died, he also inspired people to sign up to the bone marrow register maintained by the Anthony Nolan Trust. So there is a lot of good work going on and the hon. Gentleman has identified that. I hope that the Minister, in her deliberations, will think about the other roles that the National Blood Service plays. The hon. Gentleman quite rightly identified that the service is not only about giving blood but about giving tissue and other material. I thank him for making that point.

Jim Dobbin: I thank the hon. Gentleman very much. That was a very positive contribution, based on his own specific experience. There is a petition about this issue, there are now some 35,000 signatures on it, and it is building up all the time.

Grahame M. Morris (Easington) (Lab): I also congratulate my hon. Friend on securing a very important debate about an issue that is of great concern among the public. I wanted to ask him about the lessons from overseas countries where blood transfusion services have been privatised and where it is standard to pay for donated materials. What lessons can we learn from those countries about the safety of supply?

Jim Dobbin: I referred earlier to another privatisation that took place in the health service, when cleaning was put out to tender. Of course, the quality of the service was reduced. That is exactly what I fear will happen with the blood service, because if someone is in the business of making money and making profit they take short cuts. It is as simple as that.

The petition that I was talking about is building up. In addition, 300 people got in touch to say how much they valued the blood service. For many of those people, their loved ones personally benefited from the altruism of a fellow human being.

The blood service began before the national health service, around the time of world war two, when the demand for the service originated. So the blood service is older than the NHS.

I am very concerned. The Government are saying that only elements of the NHS blood transfusion service are under discussion at the present time but that is a dangerous route to go down. I hope that the Minister will take this issue back to the Government and the Secretary of State, and ask for a review of this particular service that the public so dearly love. The other thing that I will say is that if someone is looking for a big society in action, the blood service is it.

1.44 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): Having not served under your chairmanship before, Mr Williams, I now find myself doing so twice in a day. It is a pleasure.

I congratulate the hon. Member for Heywood and Middleton (Jim Dobbin) on securing the debate and I pay tribute to his experience of this sector. I also echo the tributes that he paid to the staff who are part of such a fantastic organisation and who are one of the reasons why it has such a high reputation.

The debate is an important opportunity to discuss an issue that is not only important to the NHS and the public but which has been the subject of very unhelpful rumour and speculation. I become very disappointed when I see scare stories in the press that are not necessarily based on any foundation and that will only result in scaring people off donating blood, tissue or organs. Those stories are not helpful. I urge the hon. Gentleman and the other hon. Members sitting beside him that if they want to clarify the situation they should please feel free to contact me. That is much better than running scare stories, or a story getting out of hand, so that the issue becomes a disservice to the public we are all trying to serve.

Contrary to what some people have been saying publicly and indeed privately, there are no plans to privatise the blood service, which is part of NHS Blood and Transplant, or NHSBT. I can say categorically that we are not selling off the service. If I do nothing else in this debate, I want to knock that rumour on its head.

The Government have said previously that we will retain a single national system for blood with NHSBT at its helm and we stand by that statement. Under its current management team, NHSBT has done a great job and it continues to do so. It has maintained—indeed, greatly improved—the stability and security of the blood supply. It has also improved productivity in blood processing and testing by more than 50% in three years, which is a true achievement.

Jim Dobbin: I have a letter from Andrew Pearce, who is the head of donor advocacy in the NHS. The second paragraph says:

> "The review is at an early stage and is likely to take a few months. Although we cannot rule out that the review might eventually suggest that some of our supporting activities should be market-tested, this is by no means certain."

There is some doubt in that letter, which is from someone within the blood system itself, about whether market-testing is going on with a view to something else happening. People do not test something for the market if they are not intending to put it out to tender.

Anne Milton: I thank the hon. Gentleman for his intervention. What matters is that people get good value for money from the taxes that they pay. What also

[Anne Milton]

matters is that we do things effectively and efficiently, so we constantly market-test within NHS provision. We should do so. What matters to us is having a quality service. However, we are not selling off the blood service and we are not privatising it. As for performance, I am sure that the hon. Gentleman will agree that the performance of our blood service puts us in the top quartile compared with other European blood services. That is a fantastic achievement.

I reiterate the hon. Gentleman's comments about what the improvements in the blood service mean. There has been a reduction in the price of a unit of blood, down by £15 from £140 in 2008-09 to £125 today. As he rightly pointed out, that reduction saves hospitals £30 million each year, which can be channelled straight back into patient care. Again, I pay tribute to the staff who have achieved that reduction.

It would be a huge oversight on my part if I did not also pay tribute to those who donate their blood for the benefit of others. I am pleased to learn that my hon. Friend the Member for Colne Valley (Jason McCartney) has donated blood himself. Every year, 1.4 million people donate blood, which means that 2 million units a year are donated in total. That equates to 7,000 new units of blood every day, or about five a minute. Statistics are wonderful when one is engaged in a debate such as this one; they show the scale of the donations that are made. Those donations have saved countless lives and continue to do so. Indeed, the altruistic donor system is one of the rocks that the NHS is built on and we will not do anything to jeopardise public confidence in it.

It would also be remiss of me not to mention organ donation. The one thing that we do not do often enough is to thank people who donate their organs and those of their loved ones, saving many lives in the process. We have made great improvements in organ donation, which is up by 28% since 2008, but we must continue to make improvements. I do not want anything, anyone or any public statement to jeopardise any of that. On the contrary, we want to carry out a review to help NHS Blood and Transplant to improve its operational efficiency even further and provide an even better service.

The blood service must be seen in the context of its role in the NHS. The hon. Member for Easington (Grahame M. Morris) mentioned courier services for getting blood around the place. We have been using courier services for many years—the previous Government did so as well—to deliver organs and tissue, and there is no question of putting the delivery of blood at risk.

Grahame M. Morris: Just for the record, it was my hon. Friend the Member for Bradford South (Mr Sutcliffe) who raised that issue, but it is one that I am concerned about.

Will the Minister address the new role of the economic regulator, Monitor, and the responsibilities that it will have regarding competition? Will its remit extend to the blood service?

Anne Milton: I apologise for confusing the hon. Gentleman with the Member who was sitting next to him. At least it gave me the opportunity to clarify the point. To ensure that I give the hon. Gentleman a precise answer, I will have to come back to him on Monitor because I do not have the information with me. I will happily do that after the debate.

The blood service is self-funding, in that it recovers the cost of collecting, testing and processing blood through the price paid by the NHS for each unit. The price of a unit is therefore directly related to the efficiency with which NHSBT conducts its operations; the one feeds into the other. If the cost of a unit of blood goes up, there is pressure on budgets, so the whole NHS has an interest in NHSBT being as efficient as possible and keeping the cost low. The £30 million that we have been able to put back in demonstrates that costs are being kept low, and more can be spent on patient care.

The review of NHSBT was announced in the report produced by the arm's length bodies review in July 2010. The review is ongoing, and I cannot say what the outcome will be, but I would like to explain what the review is about, and in doing so, clarify what it is not about and hopefully reassure the hon. Member for Heywood and Middleton and all those who might share his concerns.

The review will identify opportunities both to help NHSBT further improve the efficiency of its operations, and to save money. Aspects of NHSBT's activities covered by the review include IT, estates, testing, processing and logistics. NHSBT has recognised that those areas have room for improvement, in both developing services and increasing efficiency; such functions can often be carried out more efficiently. NHSBT already outsources some of its activities to private sector companies, for example facilities management, legal services and the call centre, so by exploring whether greater savings are possible, the review does nothing new. It simply takes a currently successful model, which has demonstrated that it can improve, and considers whether it would work if it were to be expanded.

As I said, we are looking to ensure maximum efficiency for NHSBT, and I am sure that the hon. Member for Heywood and Middleton agrees with that aim. We will do whatever works, and whatever can ensure a safe supply of blood to the NHS.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Will the review of the British national blood service be subject to European competition law?

Anne Milton: I am pretty sure that it will, but I will check.

There have been suggestions that outsourcing some other functions might lead to donors declining to donate. We are absolutely clear that in exploring other opportunities, we will not put at risk any aspect of public health. I do not want donors or any Member here today to believe that this is privatisation of our highly respected National Blood Service.

Jason McCartney: I thank the Minister for clarifying that there will be no sell-off—no privatisation—of the National Blood Service. Some Opposition Members are concerned that if there was some privatisation there would be a drop in donations, which is something that no one in the House would wish. Hopefully, Members on both sides of the House can now pass on that information, so that there is confidence in the National

Blood Service and we see an increase in donations. We welcome the efficiency measures as well.

Anne Milton: I thank my hon. Friend for reiterating that point. Blood is donated freely to the NHS to improve and save patients' lives. Like any donation, it is a gift, and we want to maximise the opportunities for that gift. We do not want to do anything to discourage donors. I state categorically that the donor-facing aspects of blood donation are excluded from the review, which will ensure that the relationship between NHSBT and its donors is not compromised.

My hon. Friend the Member for Pendle (Andrew Stephenson) mentioned that people, in particular men who have had sex with men, are excluded from blood donation, and that issue is currently under consideration. I understand that there has been a lot of concern that the rules are outdated, and we will make an announcement on the issue at some point in the near future.

I feel that I have been repetitive, but I need to be to make the point, so I reiterate the Government's support for, and belief in, a single national system for donated blood and organs, with NHSBT at its helm. That does not mean there is a blinkered belief that the system has already reached the peak of its potential; it would be remiss of the Government to think so. NHSBT, like all areas of public and private life, must continue to innovate and to challenge itself if it is to provide the best possible service. The current review is designed to explore how it can do that, to keep the price of blood—the cost to the NHS—as low as possible and to provide the high-quality blood service that donors and recipients deserve.

Jim Dobbin: I agree that we should continually look at research and at improving the system for the people of this country. I have no problem with that, except that I would like the service to remain within the NHS.

Anne Milton: In everything he does, the hon. Gentleman operates from a deep-seated belief in organisations such as the NHS, and he wants the best, not just for his constituents but for the people of this country. I therefore urge him, as I urge all Opposition Members, not to play politics with this issue, although I am sure that that is not his intention. If Opposition Members have any concerns, I urge them to discuss them with me; my door is open. It would be a tragedy if anyone did anything that reduced the number of donors coming forward. We are determined to ensure that that does not happen, but scare stories in the press can have that unintended consequence. We should not believe everything that we read in the newspapers.

Question put and agreed to.

1.58 pm

Sitting adjourned.

Westminster Hall

Wednesday 16 March 2011

[Dr William McCrea *in the Chair*]

Private Schools (Access)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Tim Loughton.)*

9.30 am

Mr Rob Wilson (Reading East) (Con): It is a great pleasure to serve under your chairmanship for the first time, Dr McCrea.

Let me begin by welcoming the coalition Government's work to date on education. I am sure that more freedom for schools, more meaningful accountability, a commitment to driving up teacher quality and new powers for schools to get tough on the blight of poor behaviour will, over time, help to deliver the improvements in pupil attainment across the sector that we all desperately want to see.

The coalition Government are right to be concerned about the educational attainment of the least affluent children in our society and, in that respect, I very much welcome the additional early years provision and the introduction of the pupil premium. Members may not know this, but I was one of the early advocates of the pupil premium and, for some time, convincing my colleagues of its usefulness felt like an uphill task. I was delighted when the pupil premium was adopted, perhaps with a little help from our coalition partners. I strongly suspect that the Minister's response to my proposals today will be similar to how it felt all those years ago when I started this journey.

This discussion is well worth having; we never know what will happen a couple of years down the line. I propose, as I have in the past, that in order to make the pupil premium successful, we need to do two things. First, we need to direct it at the very poorest children in the education system. Secondly, we need to make it flexible so that it gives those children real choices within the education system.

I fear that our reforms, particularly in relation to the pupil premium and its current structure, will not do enough to bridge this country's great and growing educational divide between the very rich and the poor. By focusing our attention solely on the state sector, we risk ignoring the fact that some of the very best educational opportunities that this country has to offer in terms of the schools that dominate the top A-level and GCSE results are in schools that are largely reserved for the children of the wealthy and well-connected, and are closed off to a vast majority of the children who live on their doorstep. That is not to say that many middle-class parents do not stretch their household budgets to breaking point to ensure that they get the best educational opportunities for their children.

Although only about half of pupils achieve five good grades at GCSE, and fewer than one in 100 children eligible for free school meals makes it to university, some of the leading private schools routinely send half their pupils to Oxford and Cambridge; Westminster school and St Paul's girls' school are good examples. On the rate of low-income attendance at top universities, a recent report by my hon. Friend the Member for South West Norfolk (Elizabeth Truss) states:

> "The rate of low income attendance at top universities has stagnated at 2 per cent."

It will therefore come as little surprise that former private school pupils have a disproportionate hold on the leading professions. Social mobility has declined and it has become even harder for the least affluent to make it to the top of the tree.

Despite evidence in a recent report showing that the situation has improved slightly over the past few decades, former private school pupils still account for two thirds of judges, more than 60% of barristers, and more than half of solicitors, chief executive officers and doctors. I also note with a wry smile that the proportion of journalists who attended independent schools has risen in recent years.

If we contrast that with the performance of pupils eligible for free school meals, we see that the difference is very striking. Just 27% of free school meal children get A* to C, including English and maths, at GCSE. That is half the national average, which is already too low. The situation is even worse when evaluated against the English baccalaureate subjects, something the Secretary of State likes to do. The report produced by my hon. Friend the Member for South West Norfolk is again relevant, because in many respects, low-income students are being mis-sold the new GCSEs and A-levels on the basis that they are equal according to league tables and UCAS points. The evidence shows, however, that universities and employers value core academic subjects, such as mathematics, English, the sciences and English baccalaureate subjects. The result is poor performance, with only 4% of free school meal pupils achieving five A* to C grades in core academic subjects, compared with the 15% national average.

Research shows that a wealthy child attending an independent school is 55 times more likely to win a place at Oxbridge than a child eligible for free school meals, whose chance of winning a place at one of our ancient universities is less than one in 100.

Mr Stewart Jackson (Peterborough) (Con): I congratulate my hon. Friend on securing this timely and important debate. Is he as concerned as I am about figures showing that in 2009 just 4% of children on free school meals took chemistry or physics, while fewer than one in five took history and less than 15% studied geography or French?

Mr Wilson: Yes, that concerns me enormously, and that is why the report by my hon. Friend the Member for South West Norfolk is so timely. I hope the Minister will take the issue on board and address it directly later.

I do not say what I have said in order to criticise universities, but I hope that it demonstrates to Members the epic scale of the challenge that we face as a nation. If we are serious about fairness and about unleashing aspiration and opportunity for all, we should take action to make first-rate teaching and the ethos of excellence available to everyone, rich or poor.

Before I give details of what I think should be done to remedy the situation, let me be clear about what I am not calling for and not claiming today. First, I am not

[Mr Rob Wilson]

making sweeping claims that independent schools are better than state-maintained schools. There are huge variations within the independent sector in terms of standards and pupil attainment. The bottom half of private schools accounted for just 7% of A* A-level grades in the independent sector last year. Moreover, the OECD has argued that on average the difference in attainment between state schools and private schools is largely accounted for by the socio-economic background of the students.

Secondly, as I will explain later, I am not calling for a system-wide educational passport or public subsidy for private schools. Thirdly, I do not wish to re-enter the argument about selection or reintroducing grammar schools. None of the main parties has plans to expand selection in the education system in England, and neither do I. Fourthly and finally, what I shall propose in the next few minutes is not a panacea for improving educational attainment across the whole population of school children, but I stress that it will make an important contribution to social mobility and aspiration in England.

That is not an excuse for ignoring the fact that selective private schools exist and that many of them offer first-rate educational opportunities, with an ethos of excellence. Last summer's A-level results show that of the top 40 schools in terms of academic A* grades per pupil, three quarters were private schools. Independent school pupils make up 33% of all pupils who get three As at A-level. Despite the fact that the independent sector as a whole educates just 7% of school pupils, students who attended private school still account for more than 45% of places at Oxford and 40% at Cambridge.

Who has the opportunity to attend these schools? The answer is that since the demise of direct grant schools and the assisted places scheme, apart from bursaries and scholarships, admissions are largely restricted to pupils whose families have the ability to pay. Some of the best performing schools in the nation are closed off to a vast majority of the poor children who live on their doorstep.

If we are serious about boosting the life chances of more children from poor homes, and increasing social mobility so that children from disadvantaged backgrounds have a better chance of making it to the top, something must be done to break down the social apartheid in our schools. I would like the Minister to consider a proposal that could broaden the social base of some of our leading private schools and boost the life chances of many less affluent pupils now, rather than in however many years it takes to dramatically raise teaching quality and tackle issues of poor behaviour across the entire school system.

Specifically, I would like a number of the leading private day schools to consider offering a number of free places to pupils in their surrounding area who are eligible for free school meals. The Government could support them by meeting some of the cost, but by no means all of it. It would be entirely up to the children and their families whether they applied for a place at participating schools. The pupils would have to demonstrate their aptitude and potential through a competitive admissions process. As the Sutton Trust has noted, tests these days are far more sophisticated than the old 11-plus. For example, many independent schools have developed tests around verbal reasoning, which test the child's aptitude rather than how well they have been tutored or taught at school. My proposal is not an exercise in social engineering, so all those who take the test—rich or poor—should have the same chance of success.

My proposal is completely cost-neutral to the Government and therefore to the taxpayer. All that changes is that the per pupil funding and the pupil premium shift to another school. The remainder of the cost of the fees is met by the independent school itself or its supporters. Many such schools have alumni who are willing to step in. It is interesting to note that the Government will provide £150 million for a national scholarship scheme for disadvantaged young people attending our universities. Those resources are devoted to creating a more balanced intake for our elite universities, which, after all, are independent, selective, fee-charging educational institutions. Will the Minister explain where the difference lies in relation to independent schools?

It is important that the proposal is evidence based, and the evidence suggests that opening up access works. Between 2000 and 2006, the Sutton Trust joined forces with the Girls' Day School Trust to sponsor an open access scheme at the then fee-paying Belvedere school in Toxteth, a very deprived part of Liverpool. With the support of both organisations, every place at the school was allocated on the basis of merit alone, not ability to pay; the way the scheme operated was almost needs-blind. A five-year evaluation of the Belvedere school scheme was conducted by the Centre for Education and Employment Research. It found that open access could lead to a broader social mix of pupils at some of our very best schools and that it could raise aspiration among pupils to go on to university and improve the exam results achieved by the participating school.

In the first three years of the Belvedere scheme, the school attracted an average of 366 applications for just 65 places, with applications from three quarters of primary schools across the Liverpool area. During the five years of the scheme, entries from middle and lower income postcodes increased considerably. The proportion of pupils eligible for free school meals over the five years was 32.8%, which is more than double the national average for girls aged 11 to 15 in the maintained secondary sector. Far from the scheme's threatening academic standards at the school, Belvedere went on to achieve its best ever results in 2005. Some 99% of pupils achieved five good GCSEs, compared with an average of 49% across the rest of the local education authority. Survey evidence showed that the school was a happy place, and that 95% of the pupils were hoping to go to university.

Sir Peter Lampl, chairman of the pioneering charity the Sutton Trust, told me that he regards the open access scheme as the most important project that the trust has undertaken. He sought to persuade the previous Government to take up open access and expand it, initially to 12 schools, but ultimately to 100 or more top independent schools. Unfortunately, despite a broad base of support and great willingness from schools in the independent sector, the previous Government failed to take forward the programme.

Mr Stewart Jackson: Does my hon. Friend agree that the Charity Commission and its esteemed head, Dame Suzi Leather, would be better off supporting similar

initiatives to that pursued by the Sutton Trust in Liverpool, rather than hounding small private schools on the spurious basis that they are not opening their rolls to children across the community?

Mr Wilson: I thank my hon. Friend for that important question. My experience of dealing with the independent sector is that, perhaps more than any other sector, it is focused on trying to do all it can to help children from poorer backgrounds. A number of schools have contacted me about the subject during the past few days and they are very keen to get involved, and to do more of this type of work and give more opportunities to poor children. I find it hard to know where the Charity Commission is coming from, when those independent schools are doing such a wonderful job trying to help the life chances of children from poorer families.

Since I wrote an article on the issue that appeared *The Daily Telegraph* last Friday, I have received an e-mail from John Claughton who is chief master of King Edward's school, Birmingham. He told me that

"our central purpose at the moment is to extend accessibility: we would love to become needs blind. We certainly have the demand for places from low-income families. We would respond positively to any government initiative to encourage attendance of such pupils in our schools."

King Edward's, the former school of the Minister for Universities and Science, already has a hugely impressive record in making places available to less affluent pupils. More than 30% of its pupils get some kind of financial support and more than 15% attend for free. For the coming academic year, the school is offering a quarter of its places for free—30 free places in an intake of 120. Mr Claughton believes that if the Government could meet half the cost of providing more places to free school meals pupils, the school's alumni would be in there like a shot to support that initiative.

Mr Kevin Fear, the headmaster of Nottingham high school—attended by the Secretary of State for Justice and none other than the shadow Chancellor, the right hon. Member for Morley and Outwood (Ed Balls)—wrote to me over the weekend fully endorsing the proposals to expand open access:

"I welcome these proposals to support the most needy in our society to access the great independent day schools. As a school, we already support as many pupils on bursaries as we are able to, but with support of this kind, we would be able to support many more and greatly assist social mobility, particularly in our inner cities."

Independent schools are already making a strong contribution to the educational success of pupils from poorer homes. Nearly a third of the students admitted to Oxford in 2010 from households with an income below £16,000 had been in the independent sector. The head teachers and organisations I have spoken to believe that the kind of Government support I am advocating would allow them to double the number of bursaries they can offer. The message from the independent sector is clear: schools are keen to do what they can to offer real chances to some of the poorest children in their areas. Only yesterday, private schools belonging to the Headmasters' and Headmistresses' Conference created 60 extra bursaries to sponsor sixth-form school pupils from the state sector to study physics, chemistry and languages.

David Levin, chairman of the HMC, has made it clear that he wants private schools to offer even more bursaries, but the difficulty is obviously raising the funds. However, as the schools have indicated to me, Government support would have the added advantage of leveraging and unleashing philanthropic contributions from alumni, business and charitable communities.

As I have already said, what I ask from the Minister is unlikely to be forthcoming today, but we can but try. I am aware that the resources of the Department for Education are extremely tight. We have been left with a very difficult economic inheritance and we have to deal with the situation as it is. I am also aware that any move by the Government to get involved with, let alone support, independent selective schools is fraught with political difficulty. I realise that the Government may be reluctant to reallocate money from the state sector to the independent sector on the basis of a single study, but does the Minister agree that the open access scheme sponsored by the Sutton Trust shows exceptional promise? Does he agree that the idea should be explored further? If he does, how will that initiative be taken forward, and will he ask the Secretary of State to meet a delegation of those interested in pursuing it?

In time, I hope that the Government will take another look at opening access in a number of leading private schools, perhaps beginning with a pilot of up to 12 schools, as envisaged by Sir Peter Lampl. That would give a broader and stronger evidence base from which to evaluate open access policies. At the very least, I hope that the Government will look at what leading independent schools are doing to broaden access, and will do what it can to support them and encourage best practice. Opening up access would send a powerful message that none of the nation's best educational opportunities is out of reach of children solely on the basis of their family's resources. What I ask for today is a very small change, but it could have huge implications for social mobility in this country.

9.51 am

James Wharton (Stockton South) (Con): Thank you, Dr McCrea, for the opportunity to make a contribution to the debate. I congratulate my hon. Friend the Member for Reading East (Mr Wilson) on securing the debate. I know that he cares passionately about this important subject, in which he is deeply involved, and that he is far more knowledgeable than I would claim to be. I want to take this opportunity to make a short contribution and to discuss my experience of some of the excellent independent schools in my constituency of Stockton South. We have two independent schools: Teesside High, which was founded in 1833 and, until recently, was an all-girls school; and Yarm, which was founded in 1978. It is the experience of Yarm school that I want to relate today.

Yarm school rose from the ashes of Yarm grammar school, which had closed. It was brought about by a group of determined parents, who decided that they wanted alternative educational provision for children from the Cleveland area, as it then was. Much as free schools today will be started in small numbers by dedicated parents and then grow, hopefully, into successful educational institutions, Yarm school started in an old, dilapidated building. Parents and supporters gave up their own time, donated materials, found funds, painted, renovated and taught.

[James Wharton]

The founding headmaster, Neville Tate—a great man who has made a significant difference to the education of many thousands of children who have passed through the school, and who will do so for many years to come—used to go in at weekends, paint the lines on the rugby pitch and drive the school minibus to the train station. It was a hands-on endeavour, to which many people, who cared passionately about what the school wanted to achieve, contributed.

In the early years, the school found things quite difficult and challenging because, unlike a modern free school, the parents who wanted to send their children there also had to pay. The offer that it put on the table was limited, as it did not have modern classrooms and facilities. All it had was the right attitude, the right atmosphere and a dedication and will to get things done.

That school has now moved. It bought the location across the road and expanded. It has built countless new buildings and offered educational opportunities to countless more children. I should, of course, declare that I had the privilege of going to that school in my constituency when I was younger. Now that the school is expanding and doing very well, it also makes a greater contribution to the local community, and not just in the education of its pupils or the local economy, of which it is a significant feature. It also works with local state schools. It had an excellent partnership with Grangefield school, which is in the southern Stockton part of my constituency, sharing services and working together to ensure that pupils at both schools had better access to facilities and a better quality of education.

Yarm school has a track record of delivering locally, not just for itself, but for others in the community that it serves and represents. It also serves another purpose. It relieves pressure on some of the excellent nearby state schools, which are currently overcrowded and oversubscribed; for example, Egglescliffe school and Conyers school. Egglescliffe school, in particular, which is a superb high-quality secondary school in my constituency, is on a relatively small site that was designed for many fewer children than it currently accommodates. With the growing population of Stockton, it has seen more and more people applying for fewer and fewer available places. It also serves a large and growing housing estate in Ingleby Barwick, which I believe is one of the largest private housing estates in western Europe and has grown exponentially in the past two decades. That housing estate has one secondary school, All Saints, a 600-place Church of England school, which is a very good local secondary school, but not sufficient in size to serve local needs. Hundreds upon hundreds of children are bussed off the estate to nearby Egglescliffe and Conyers every morning. Some also go to Yarm, because they have not been able to secure places at the secondary schools of their choice.

That brings me to the exciting new prospect that is on the horizon for the people of Ingleby Barwick, who are now progressing with their own bid for a free school. I have certainly done what I can to make representations to the Secretary of State to support the bid for a free school in Ingleby Barwick. We will hopefully see a new school in the next few years that will deliver diversity of choice and more school places, so that children from that community can choose which school they wish to apply to and parents which school they want to send their children to. It will also allow local children to go to a school in their own community. That will relieve pressure on other schools in the area, so that they can better manage the facilities that they already have. We want to secure the future of all of the schools in the south of the Stockton borough—the school in Ingleby Barwick itself and Egglescliffe, Conyers and Yarm schools.

That exciting new project is one step in the direction in which we need to go, opening up choice, diversity, access and possibilities in our education system. My hon. Friend the Member for Reading East spoke passionately about how he would like to see access opened, so that those who are not necessarily from the most affluent backgrounds are able to get into those schools that have perhaps been seen as not within their reach in the past. I would like to add my voice to his call that the Government should look to do everything they can to ensure that every child, no matter what their financial or social background, has access to the highest possible quality of education, in the way that they and their parents believe it should be best delivered to suit their individual needs.

I am grateful for the opportunity to speak in the debate and make a small contribution, and to comment on a number of the excellent local schools that serve my constituency. I look forward to what the Minister has to say in response to the comments of my hon. Friend the Member for Reading East.

9.57 am

Mr Stewart Jackson (Peterborough) (Con): It is a pleasure to serve under your chairmanship for the first time, Dr McCrea. May I also commend my hon. Friend the Member for Reading East (Mr Wilson) for securing this excellent debate on a very important subject? His great knowledge, expertise—from his time on the Front Bench, and from his own research—and commitment, especially to social mobility, shines through in his passionate remarks. He is a little more shy than I am at ascribing fault in the existing system. We inherit not only a significant debt—to the extent that we are paying £120 million a year in debt interest as a result of the financial mismanagement and incompetence of the previous Government—but, to be charitable, a mixed picture in terms of educational attainment.

I believe that this is an existential debate—a philosophical debate—about the future of our children's education. We are debating that age-old struggle between whether we commit ourselves to equality of outcome, which I think is difficult if not impossible, or whether we commit ourselves to strive for equality of opportunity. If we move towards the initiatives that my hon. Friend the Member for Reading East has spoken about, we will be paying due regard to a progressive, Conservative tradition that goes back many years. Disraeli would have called it the enervation of the condition of the working classes. I would not be so pompous as to compare myself with Disraeli, but it is about a one nation tradition of saying that whatever the household income or background, whatever one's parents have done and whatever their attainment, a child has as much right as any other to be educated to the best of their ability, and to achieve the maximum attainment possible.

Where are we now? We have a ghettoised situation in which 7% of children go to independent schools, but, for the other 93% of children, there are mixed results. It so often comes down to where one lives and their household income, because if a parent cannot afford to provide for their children by buying a house and sending them to a good school in a good neighbourhood—this particularly applies in London but also in many other parts of the country, whether Bristol, Manchester or Cambridge—their children will often be confined to schools where attainment is poor, and that is not acceptable.

We are also in a position where, according to the latest Programme for International Student Assessment survey, the United Kingdom has slipped since 2000 from 7th to 25th in reading, 8th to 28th in mathematics, and 4th to 16th in science. Only 15.6% of pupils in England achieve A* to C GCSE grades in English, maths, sciences, a modern or ancient language, history and geography—one in six children.

The previous Labour Government offered some powerful symbols to people. It seems beyond belief that their first priority on being elected in 1997 was the completely unnecessary, gratuitous and spiteful decision to scrap the assisted places scheme for purely ideological reasons. One of the leading lights of that party dedicated himself to destroying grammar schools. I shall not add the epithet that he used. That was what he believed in. To quote Abraham Lincoln:

"You cannot strengthen the weak by weakening the strong."

The decision to destroy the grammar schools was, in fact, a calamity in terms of social mobility, education and political policies.

That set the tone, as did the idea, which has been tested to destruction, that throwing money at a problem is a solution, and that it will of necessity deliver better educational attainment. I do not believe that that is the case. Whether we like it or not, parents choose to send their children to independent schools for a number of reasons, but it is as much as anything else about discipline, ethos, culture and philosophy. Why should children from poorer backgrounds be excluded from the opportunity to partake of that culture, and to achieve what they are capable of achieving?

My constituency is a proud, blue-collar, engineering centre. The city has gone through great change over the past 50 years. Its population was less than 50,000 after the war; it is now 170,000. We have significant pockets of deprivation, but we also have in the immediate travel-to-work area some of the finest independent schools in the country: Stamford, Uppingham, Oundle and, of course, the excellent Peterborough school, headed by Adrian Meadows. We have significant levels of poor attainment and underachievement in the state sector in Peterborough, yet we also have excellent schools with enormously good results of more than 85%—often 90%—attainment of GCSE A* to E.

My hon. Friend the Member for Reading East is right in saying that, at present, children from families with more modest incomes are precluded from being able to attend such schools. There must be a way for the most gifted children—not necessarily on the basis of academic results or setting, but intelligence and other criteria—to go forward to achieve their potential.

I pay tribute to the Sutton Trust and Sir Peter Lampl, who is passionate about social mobility, which, if I may be partisan again, ossified under the Labour Government over 13 years. The gap between the richest 10% and the poorest 10% grew. The hon. Member for Chesterfield (Toby Perkins) might not like to hear it, but his party is represented by the noble Lord Mandelson, who said that he was

"intensely relaxed about people getting filthy rich".

Fair enough, but he did not at the same time endeavour to drag up the educational attainment of the people in the bottom 10%.

We really need to think about supporting, with the limited resources that we have, initiatives such as those at the Belvedere school in Liverpool. It is a superb example—in fact, it is the opposite of what normally happens. With the best will in the world, Toxteth, where the school is based, may have been a salubrious neighbourhood many years ago, but it is not now. Middle-class parents would not necessarily have moved to Toxteth so that their children could go to that school. In fact, I imagine that parents from all over Merseyside, Lancashire and even Greater Manchester are sending their children to that school, while children in the poorer neighbourhoods around Scotland Road, Toxteth, West Derby and Walton are excluded from it. With the proposed initiative, those local children in Liverpool could go to their local school and receive an exemplary and superb education into the bargain.

It would be remiss of me to ignore the excellent initiatives being pursued by this Government, and I have no doubt that the Minister would remind me of them if I did that. I agree that the English baccalaureate is an enormously important qualification to be pushing forward into secondary schools. It speaks to a mature debate about a division in society and, in particular, in education, which we have shied away from for too long. I give as an example the well known book written by Melanie Phillips, "All Must Have Prizes". All must be academic, all must go to university. We have ignored, to our economic disadvantage, the fact that technical and vocational education can be and is just as important.

The economic success of countries such as Sweden, Germany, Italy and France is the result of their taking a mature, long-term approach and disregarding the apartheid between academic, and technical and vocational. This Government understand that and are moving forward by replacing Train to Gain with an apprenticeships programme and saying that engineering and manual trades are as important for growing our economy as the knowledge economy, the environment, tourism, leisure, finance and banking. That is important.

The pupil premium is the right way forward. I had a debate in this place a month or so ago with the Minister of State, Department for Education, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb), who brings to his role enormous commitment and diligence, and a passion for driving up educational standards in primary and secondary schools. He is the epitome of a square peg in a square hole, and is doing a fantastic job.

However, the pupil premium could be construed as a blunt instrument. There are issues other than free school meals that should inform the review of the dedicated schools grant. In my own constituency—I shall not rehearse the arguments—31% of primary school children do not speak English as their first language. If we ignore such factors, we blind ourselves to their importance in informing the results in primary and secondary schools.

[Mr Stewart Jackson]

I am delighted with the agreement that £430 per pupil for the pupil premium is a good start, and with the broad consensus across the House, but other factors need to be taken into account. One of them is social deprivation in particular wards and super-output areas. That may need to be looked at in consultation with the Treasury, but I know that dealing with it could be very resource-intensive and that the Department has only limited means.

This debate is about obtaining from the Minister at least an indication that he is receptive to the eloquent arguments of my hon. Friend the Member for Reading East. The independent sector would then begin to feel that it can use the mechanism of Government support to develop a much more thorough and comprehensive scheme of bursaries and scholarships, and take a much more altruistic and charitable approach. If the Government are supportive, it will introduce outreach programmes and recruit children from poorer families because that will deliver the goods for the school and attract kudos and support. It is a circular argument. To say that we must have nothing to do with the independent sector, and that it is an iron curtain through which we cannot tread is short-sighted and foolhardy. We need more open access policies, such as those at the Bluecoat school.

The best independent schools can impart lessons to the state sector—that works both ways—on tackling ill discipline. They can impart lessons on special educational needs. Some independent schools have a number of children with special educational needs, and provide special help for children on the autism spectrum, with dyspraxia or dyslexia, and so on. They have expertise that they can share with the state sector, and there should be more dialogue.

Freedom and autonomy are the templates for the free schools, and I am delighted that there will be an announcement this week in my constituency that the former Hereward community college will become a free school. I do not often say this, but Peterborough city council has done a fantastic job in pushing the proposals forward, and inviting bids from five extremely good providers in a competitive bid process in an area where attainment at primary and secondary schools has not been good. We look forward to the revolutionary zeal of the free school movement in driving up standards, involving the community, valuing professionals at senior management, teaching and teaching assistant levels, and providing autonomy. We should have more free schools in my constituency.

I conclude by inviting the Minister to respond positively. The issue is not about assisted places two, or about the debate on grammar schools. In some respects, I was on the wrong side of that debate in my party in 2007, because I said that it was better to take a holistic approach to academies, instead of fixating on a relatively small number of grammar schools—there were then 164. I speak as an alumnus of a grammar school—Chatham House grammar school, Ramsgate—the other alumnus of note being our former right hon. Friend and Prime Minister Ted Heath, although he and I did not have closely shared political views.

The issue is about how to enable children from families with modest incomes to achieve their full potential. Today is the beginning of the debate. I know that the Secretary of State is absolutely committed to using education as a catalyst to tackle lack of social mobility, so that we deal with the underlying endemic social problems of welfare dependency, worklessness, and lack of competitiveness in our economy. Education is the most powerful tool for doing that, and I fully commend and welcome my right hon. Friend's commitment to starting that debate. I hope that we have a positive response, not only from the Opposition Front Bench spokesman, the hon. Member for Chesterfield, but from the Minister. I am sure that we will.

10.14 am

Toby Perkins (Chesterfield) (Lab): It is a pleasure to speak under your stewardship, Dr McCrea. You seem to have controlled the debate very well, despite all the heckling. We have had a good debate, and I congratulate the hon. Member for Reading East (Mr Wilson) on securing it, and on his thoughtful contribution. I thank him for taking the time yesterday to notify me in more detail about the subjects that he wanted to cover. That was helpful to my contribution, and I hope that it will add to its quality, at least at some small level. His valuable experience before coming to this place brings to the debate knowledge, passion and well intentioned motives, in his case, towards the Government.

Before commenting on the hon. Gentleman's points, I want to touch briefly on the other contributions that we have heard today. The hon. Member for Stockton South (James Wharton) spoke about his experience with two local schools in his constituency, and the extent to which access has been opened up. One independent school was set up with, perhaps, similar intentions to the free school model, and it was interesting to hear about that. He referred to the freeing up of spaces in other schools, and to creating the best for every child. The test of any education policy should be whether it delivers for every child and enables every child and every school to improve, or whether it increases educational disparity. That is one of my tests for the proposal of the hon. Member for Reading East.

The hon. Member for Peterborough (Mr Jackson) gave what may have been a less measured contribution. At least, he warned us that he did not intend to be shy, and he stuck to his word. When describing his contribution as partisan, he was, if anything, understating it. I started to write down the areas I disagreed with, but I filled a full side of A4, so I shall touch on a couple of areas where there was agreement, which may save time.

The hon. Gentleman spoke about the importance of discipline. He is of course right that the independent sector takes discipline very seriously, but he does a great disservice to the state school sector if he is suggesting that that is not also the case there. We welcome some of the measures in the Education Bill to clarify the role of teachers and the possibilities for discipline. The Bill contains some welcome moves.

The hon. Gentleman also referred to the importance of technical and vocational education, and said that it is as important as academic education. I entirely welcome that sentiment, which I fear is missing from the Government's move towards the EBacc, but very much drove some of the previous Labour Government's policies.

I do not intend to cover every area in the hon. Gentleman's contribution with which I disagreed, but I will touch on a couple. He started by rehashing the

financial mismanagement line, completely overlooking, of course, the fact that his party supported the previous Government's spending plans right up to 2008. He should not rehash that line if he was not speaking out against the policies pursued by his party at that time.

The hon. Gentleman claimed, perhaps rightly, that the policies suggested by the hon. Member for Reading East fit into a progressive Conservative tradition; I think he described it as a one-nation approach. That brought to mind the drama "Cranford", which the hon. Member for Peterborough may have had the opportunity to watch. In one scene, the lady in charge of the grand manor house was shown as a firm disciple of the idea that the working classes should work in the fields, and that there should be different jobs for different types of people in different environments. She also had a clear idea that she wanted to help the poor by employing them in her fields, but that they should never move beyond that. The idea that on one level we help the poor as a way of assuaging our conscience, while fundamentally nothing is changed, lay behind a lot of the hon. Gentleman's remarks.

Mr Stewart Jackson: I have never before been compared to a mid-Victorian matriarch in her mansion. The hon. Gentleman is a passionate and articulate spokesman for his party, but he should not believe its class war rhetoric and propaganda. My party is proud to have been responsible for an enormous amount of progressive social change through Housing Acts and through civic renewal, education and health over many years. He suggests that my point was "You stay in your place while I stay in mine", but perhaps he is referring to some of his esteemed parliamentary colleagues who had a good grammar school or independent sector education, but chose to kick the ladder away for those who followed.

Toby Perkins: I do not know whether that was an intervention or a second speech, but I thank the hon. Gentleman either way. Without delving deep into history, he should do his research before he refers to the gap between rich and poor. If he listens to people such as Wilkinson and Pickett, who influence the policies of the Prime Minister, they will tell him that the huge gap between rich and poor occurred under the previous Conservative Government. Policies introduced by the previous Labour Government such as tax credits, attempts to improve the education of people from the lowest demographics, and the reform of the welfare system were designed to close the gap between rich and poor, and they made positive steps towards that.

Mr Jackson: *indicated dissent.*

Toby Perkins: The hon. Gentleman shakes his head, but that is what he will be told. He said that the previous Government were supremely relaxed about people getting rich and did not care as much about the bottom 10%, but that disgraceful comment bears no relationship to what actually happened over the past 13 years. The hon. Gentleman's contribution said much about his values, and the values that have always informed sections of his party. I recognise, however, that there are good motives behind contributions from Conservative Members.

I turn to the more thoughtful contribution made by the hon. Member for Reading East. He spoke first about the academic disparity that still exists in our system, and which has challenged politicians from both parties for a long time. The original academies programme was introduced precisely to combat that disparity, and the previous Government set out specific attainment levels that they expected every school to achieve, with 30% of all pupils achieving five A* to C grades at GCSE as an absolute minimum. That academic disparity lay behind the massive investment in Sure Start, which has been welcomed across the House, and it is why we welcome some of the sentiments behind the early intervention policies pursued by this Government. It is also why the education maintenance allowance was introduced, to assist pupils from more deprived backgrounds to continue their education past age 16.

When Labour came to power, half of all schools failed the basic minimum standard. The figure is now fewer than one in 12, which is one of the ways that the attainment of pupils right across the financial spectrum improved under the previous Government. Of course, that is not the same as saying that we have arrived at some promised land and things are now good enough. Clearly, they are not and I recognise that the contribution made by the hon. Member for Reading East is an attempt to make things better.

The hon. Gentleman referred to the fact that the most elite private schools are currently only for the wealthy and the well connected. He hit on a key point in terms of those connections and the idea that, "It's not what you know, it's who you know," which I hope hon. Members across the House would be against. The hon. Gentleman made another key point about Oxbridge entrance, and I would like to hear more about that from the Minister and the Government. As the hon. Gentleman explained, although 50% of children from elite public schools go to Oxbridge, only 2% of those from the most deprived backgrounds do so.

Last Friday a young lady, Charlotte Crossley, came to see me. She qualified for free school meals and came from a home in a deprived part of Chesterfield. Her first secondary school fell well below the national challenge level of 30% of pupils achieving five GCSEs. However, she studied fantastically and got excellent GCSE results. She subsequently went to another state school to do her A-levels, and finally achieved three A*s and one A—a fantastic achievement. At that time, children in her cohort were the first group to achieve a 30% pass rate at GCSE. Charlotte Crossley was an exceptional student, but when she applied to Oxford she was not even given an interview.

Alongside removing the academic disparity between children in secondary schools, pressure must be put on elite institutions. The hon. Member for Reading East explained that the ratio of passing core subjects is 1:4 for children on free school meals against those from elite public schools. The ratio between those two groups in terms of Oxbridge entrance is 1:25. There are two sides to the equation and more pressure needs to be applied.

Selection was mentioned, and the hon. Gentleman claimed that he did not see how a return to the grammar school system would be helpful. Fundamentally, however, his proposal would continue to weaken schools that are left behind. If we cream off the best pupils from the more deprived communities, we perpetuate the idea that to get the best pupils, we must look at the schools they come from. The best schools will already have the

[Toby Perkins]

highest levels of attainment because of their pupils' privileged and advantageous backgrounds, but such a proposal would mean that those schools can also cream off the best of the pupils who have not had an advantage due to the financial well-being of their parents. As the hon. Gentleman says, it is not a panacea. He is right; potentially, it is positively unhelpful in terms of social mobility.

The hon. Gentleman also claimed that private schools do more to help poorer pupils. In response to an intervention from the hon. Member for Peterborough, he questioned the effectiveness of what the Charity Commission wanted. It was interesting that in the initial move towards that, two independent schools had to open up the availability of bursaries. It could be argued that if they were already doing everything that the Charity Commission wanted, that would not make any difference to them.

For the reasons that I have given, we do not agree with the proposals that the hon. Member for Reading East has put forward, although we recognise that they are well intentioned. From the Labour party's point of view, the first thing to say is that we do not wish to interfere with the freedom of independent schools to develop a distinctive curriculum and to manage the day-to-day operation of their schools. However, the standards that all independent schools must meet ensure that pupils are able to learn in a safe and secure environment and to have suitable learning opportunities, which match their age, aptitudes and needs. We will continue to insist on those basic safeguards, which protect pupils' interests, while recognising the freedoms of independent schools.

We abolished the assisted places scheme. Looking back, I would say that we put unprecedented amounts of investment into education in the state sector. We dramatically improved the standard of the state school estate, by which I mean the quality of buildings. As I have outlined, we also made a dramatic difference to attainment in those schools. The percentage of people going to university from more deprived communities has dramatically increased, far outpacing the increase in access among people from more privileged areas.

Labour has always argued that approaches such as those that we are discussing today represent a narrow ladder of opportunity for a few bright but disadvantaged children, with the side-effect of creaming off the most able pupils from state schools.

Mr Stewart Jackson: Will the hon. Gentleman give way?

Toby Perkins: I will give way once again, with due trepidation.

Mr Jackson: The hon. Gentleman has nothing to fear. I thank him for his generosity in giving way again. I am struggling to follow his argument because he uses the traditional Labour argument that if we elevate a small group of children, we "cream off" those children and the rest are subject to very poor educational attainment, yet his party spent an enormous amount of money over 13 years. He seems to be saying that it did not do any good, because those schools, if the best pupils are taken out of them, are still not very good schools, with not very good educational attainment and perhaps not very good staff. Where did the money go? Why are all schools not at an internationally recognised, demonstrably good standard?

Toby Perkins: Just before the hon. Gentleman intervened, I had said almost entirely the opposite to what he has said about the improvement in school performance under the Labour Government, so it is hard to understand why he thinks that I was saying the opposite of that—perhaps it is my accent.

In relation to the improvement in our schools, I have already referred to the massive improvement in the number of schools in which 30% of pupils get five GCSEs at grades A* to C. The figure has gone from 49% to 88%, so that is one massive step forward. I have also referred to the massive improvement in the number of people from more deprived schools going to university. Therefore, I do not accept at all that people are set up to fail if they go to the wrong school.

However, I do say that the proposals that we are debating today are sticking-plaster. They do not address the fundamental issue of improving the education of every child and every school, but are about creaming off a small number of the most talented pupils. Yes, that will inevitably leave a weaker school behind, albeit at a small level. More important, it will perpetuate the idea that if an organisation wants a talented employee, or a university wants a talented student, it needs to look at the school the person went to. That is what I am saying. It is not to say that the education system that we left behind was not giving our schools value for the massive investment in them.

Just last week I visited Milton Keynes academy, which was one of Labour's newest academies. The pride that people in that school have in the new school building and the investment that has been made in them was heart-warming. To a school such as that, where I believe more than 70 languages are spoken as a first language and which is working so hard to improve its standards, it is a savage blow when the English baccalaureate is introduced retrospectively and the school is judged and told that it is failing because no one is achieving a standard that the school was not even aware that it was working to.

Today's debate cannot be taken out of the entire context of education spending. That context includes a dramatic 60% cut in capital funding and the fact that schools that already educate the most deprived pupils are convinced that after the advent of the pupil premium, alongside all the other changes that will be made to their financial systems and budgets, they will end up worse off. That is the context into which this debate has been plunged. To say that we need to give extra money to independent schools to take away the best pupils seems absolutely the wrong priority.

I will conclude by adding a few questions for the Minister. At a time when hundreds of schools have seen their desperately needed capital rebuilding projects scrapped, will he really support a scheme that perpetuates and increases the educational dominance of the elite public schools? What steps are the Government taking to get Oxbridge to be more open-minded about their intake to ensure that the Charlotte Crossleys of tomorrow are not denied those opportunities? Why are so many schools that take a high number of children from poorer

backgrounds convinced that they will be worse off in real terms when they receive this year's budget? Does he think that increasing privilege and the disparity between different educational establishments will assist, in the Prime Minister's words, every child to have the chances he had?

10.37 am

The Parliamentary Under-Secretary of State for Education (Tim Loughton): It is a pleasure to speak under your chairmanship for the first time, Dr McCrea. Perhaps in contrast to the last speaker, I shall address the subject of the debate, but before doing so, I congratulate my hon. Friend the Member for Reading East (Mr Wilson), and not only on securing the debate. As anyone who knows him will testify, he is uncompromising in his belief that all children should have access to the best possible education, as well as passionate about speaking up on behalf of the most disadvantaged children. Those are the only motives behind his bringing this subject to the Chamber, and he articulated them typically well in his comments. The sentiments that he expressed are wholly admirable, well founded and respected by hon. Members on both sides of the House. He has great experience and knowledge in this area, and he made a typically well informed speech.

I am grateful to my hon. Friend for telling us what the debate was not going to be about, because we would have needed longer than the time allotted to us to cover all those interesting and often contentious areas. I congratulate him also on something that I had not realised—that he was one of the pioneers of the idea of the pupil premium. He was advocating that in the wilderness for many years and then the rest of us caught up with him. As he said, this discussion is well worth having. The subject perhaps has not been aired as much in this Chamber as it might be. Some of the figures that he cited for the decline in social mobility, which is the real problem behind the whole subject, are very stark and were repeated by a number of hon. Members who spoke after him.

My hon. Friend said he was not overly optimistic about what I might say, but I aim to give him as many grounds for optimism as possible. I do not want to undermine in any way what he is trying to do, and I am more than happy—particularly as I am not one of the Schools Ministers, who I am standing in for—to help facilitate a meeting between my hon. Friend and ministerial colleagues in the Department.

We have had a real glitterati of talent and knowledge, given the contributions from my Back-Bench colleagues. It took my hon. Friend the Member for Stockton South (James Wharton) some time to declare his interest in what was one of the original free schools, which was in his constituency. I should perhaps call him the child of the free school in Yarm. I do not have to declare an interest, as the 100% product of a state primary school and a state comprehensive school. None the less, my hon. Friend repeated the sentiments and the aim that we all share—that children should have the best possible chances of accessing the best possible education.

I do not agree with the accusation that my hon. Friend the Member for Peterborough (Mr Jackson) was not measured; I thought he was considered and forthright, as one would expect. I certainly would not put him down as a Victorian matriarch, even though he embellished the debate with the quote from Disraeli about the elevation of the condition of the working class. He speaks with great knowledge, given the various social deprivation challenges in his constituency, which are greater than those faced by many hon. Members.

The response to my hon. Friend and to the debate from the hon. Member for Chesterfield (Toby Perkins) gave us something of a treble whammy. He did not seem to deal with the subject in hand; indeed, I do not think he talked at all about access to private schools for children on free school meals, which is the nub of the issue raised by my hon. Friend the Member for Reading East. Instead, his speech gave us a return to deficit denial; indeed, we had deficit denial in the context of the Building Schools for the Future programme. Although the capital programme has nothing to do with the scheme we are debating and is entirely irrelevant, there would be rather more money to go round for schools that are still in a parlous state if money had been spent more efficiently under the BSF programme.

In addition to deficit denial, we had the usual class warrior clap-trap on this subject, which is not about class war, but about giving equality of opportunity to as many children as possible in the education system. I mentioned a treble whammy—we also had social mobility gap denial. Social mobility has never been in a more parlous state. The gap between those who are privileged in terms of finance, education and opportunities and those who are not has widened enormously, and the Government are now trying to pick up the challenges in education after 13 years in which social mobility absolutely ground to a halt.

Toby Perkins: The Minister said that he would like to see educational equality "as far as possible"—I think that that was his phrase. Perhaps he could explain what he means by that. Will he also confirm that when he was in opposition, he argued against the then Leader of the Opposition—now the Prime Minister—who was saying that the Conservative party should maintain the Labour Government's level of public spending right up to 2008? Was the Minister arguing against the now Prime Minister at that point?

Tim Loughton: I am not entirely sure about the relevance of that question. What I do know is that we argued for 13 years in opposition that the Labour Government were spending money like it was going out of fashion. The efficiency of that spending was enormously compromised, as we have seen. Anybody who comes to the Department for Education will throw their hands up in horror at the amount that was wasted. I am afraid that deficit denial will not butter any parsnips in this debate.

Mr Stewart Jackson: Will the Minister give way?

Tim Loughton: Well, I will. I might start my speech in a minute, as well.

Mr Jackson: Does the Minister not think that the hon. Member for Chesterfield (Toby Perkins) and the Labour party have a cheek lecturing us about social mobility when, after 14 years of economic growth, they have bequeathed us a situation in which 5.2 million

[Mr Stewart Jackson]

people are on out-of-work benefits and we have the highest number of young unemployed ever, as well as the highest number of young people not in education, employment or training? Is that not the tragic legacy of the previous Labour Government?

Tim Loughton: My hon. Friend is absolutely right, and all Government Members know that.

I want to get on to my substantive comments. Before I do, however, I should say that it was slightly worrying that the hon. Member for Chesterfield started by saying that his party did not want to interfere with independent schools, but then listed a whole area where they had better watch out—I think that that is what he was telling them. The Labour party still cannot stop meddling. It was also rather patronising of him to say so many times that Government Members have well-intentioned motives, even if he did not agree with any of us.

My hon. Friend the Member for Reading East referred to the excellent work of the Sutton Trust, to which I pay tribute, and that is particularly true of its head, Sir Peter Lampl. For more than a decade, the trust's work to promote social mobility has played an important role in all debates covering the early years, schools and higher education.

It is important to recognise at the outset of any debate about the quality of education that we have many great schools in the state and independent sectors, where the hard work and commitment of superb head teachers and inspirational teachers enable pupils to achieve good qualifications. The Government have a responsibility to ensure that all children have access to the best possible education. The challenge facing us is to ensure that there are more of these great schools so that all children can get the best possible education.

Over the past decade, we have slipped down the international league tables for school performance, as my hon. Friend the Member for Peterborough said. What makes that so much worse is that we also have one of the most stratified and segregated school systems in the developed world. Studies such as those undertaken by UNICEF and the OECD underline the fact that we have one of the most unequal educational systems in the world, coming near bottom out of 57 countries for educational equity.

The gap in attainment between rich and poor remains persistently stubborn, as my hon. Friend recognised. It opens even before children get to school. We know from Leon Feinstein's research that the highest early achievers from disadvantaged backgrounds are overtaken by lower achieving children from advantaged backgrounds by the age of five. The achievement gap between rich and poor then widens at the beginning of primary school. By the end of key stage 1, a child eligible for free school meals is a third as likely as other pupils to reach the expected level in reading, writing and maths.

The gap then widens further still. A child eligible for free school meals is less than a third as likely to achieve five or more GCSEs at grade A* to C, including in English and maths, than a child from a less deprived background. By 18, the gap is vast. In the most recent year for which we have data, of 80,000 young people eligible for free school meals, just 40 made it to Oxbridge—less than some independent schools manage in a single year. Our schools should be engines of social mobility, offering a route to liberation from the constraints imposed by accidents of birth and background. At the moment, however, that just is not the case.

Like my hon. Friend the Member for Reading East, I am a big fan of independent schools; like him, I want the advantages of the independent sector to be available to a great many more of our children. Independent schools have a proven track record of success. Children who attend private schools are three times more likely to achieve three A-grade A-levels than those who attend state-funded schools. The coalition Government believe independent schools have a vital role to play in our education system in ensuring that more children achieve such excellence.

In the past, access to independent schools was provided to disadvantaged pupils. During the 1980s and 1990s, as we have heard, the previous Conservative Government's assisted places scheme provided means-tested Government-supported places at leading independent schools. In fact, I made my maiden speech on the very Bill that did away with the scheme—the first piece of legislation from the previous Labour Government to do away with something.

The scheme followed the principle that the lower a family's income, the more support the state should provide. I am pleased to say that the coalition Government are following the same principle today with our pupil premium. As I said, the previous Government phased the assisted place scheme out. That is not to say that no disadvantaged pupils are educated in the independent sector, because they are. Independent schools cater for about 7% of pupils. Of those pupils, more than 160,000—about a third—receive support to help cover the cost of their fees. That support is worth more than £660 million every year.

Around 80% of that support comes as bursaries or scholarships provided by the schools themselves. I welcome that and hope that it continues. Access to an independent education can also be supported by local authorities; for instance, where a vulnerable child is at risk of being taken into care and where it may be in the interests of the child to attend a boarding school, or where support needs to be provided to a child with a special educational need that cannot be met in the state sector. Again, that support is welcome and it is right that it continues. Indeed, independent schools can approach local authorities that can come up with arrangements of their own. In Cheshire, I gather the local authority already buys in places at the boys' independent grammar, Sandbach school, for example. Many local authorities also place pupils with special educational needs in independent mainstream and special schools. I have already mentioned children in the care system.

My hon. Friend the Member for Reading East specifically mentioned the open access project run by the Sutton Trust to support access to the Belvedere school. It is an impressive project, and I would naturally be fascinated by any proposal that my hon. Friend might put forward that would enable more pupils from disadvantaged backgrounds to access independent education. However, I regret to say that it is neither practicable nor affordable for the state to fund a similar project today. Instead, our priority must be to improve the state school system and to close the gap between rich and poor for all.

Those were the twin goals of our recent White Paper, "The Importance of Teaching", which set out a comprehensive programme of reform, based on evidence of what has worked for nations with the best-performing education systems in the world. While they have taken their own unique approach to education reform, all successful systems share certain common features. They have prioritised plans to improve teacher quality, for example, granted greater autonomy to the front line, made schools more accountable to their communities, modernised curricula and qualifications, and encouraged more professional collaboration.

We are enacting the same kind of whole-system reform here in this country, with both profound structural change and rigorous attention to standards. We have also taken steps to support the education of the most disadvantaged pupils. Our pupil premium, as I mentioned earlier, will see schools receive additional money—starting at £430 per pupil but rising in total from £625 million this year to £2.5 billion per year by 2015—that will provide an incentive for them to take pupils from disadvantaged backgrounds, and, I hope, give them a better education than they are able to access at the moment.

On top of that, we have created a new education endowment fund worth £110 million, which provides a further incentive for schools and local authorities to work together to bring forward innovative projects that will raise attainment of disadvantaged children in under-performing schools. Because nothing matters more than giving more of the poorest children access to the best teaching, we are more than doubling the size of Teach First, so more of the best young graduates are able to teach in more of our most challenging schools, including primary schools. We have appointed Dr Liz Sidwell, herself an inspirational head, to use her experience and knowledge to work with local authorities to identify those schools most in need of support and help them develop plans for their improvement.

Once again, the independent sector has an important role to play. At the heart of our approach to school improvement is a belief that the best way to help schools improve is to encourage other schools with great head teachers and impressive track records to collaborate with them. There are already many examples of successful partnerships between schools in the independent and state sectors. The Independent Schools Council survey showed that more than four in five independent schools are now working with local state schools, to mutual benefit. I am very keen that that continues. Indeed, an independent school has sponsored an academy in my constituency. Beyond the financial and direct assistance given to the academy, there is shared teaching, use of resources and a greater integration between those two sets of pupils, to the benefit of both schools.

One way to build on that is for independent schools to become academy sponsors, as I have said. As outstanding schools in their own right, they can share their expertise and set a clear ethos that together help to transform state schools that are under-performing. More than 30 independent schools are already sponsoring academies, and I hope many more will do so in future, again, as I say, for the mutual benefit of both the independent and maintained sectors.

Another way that independent schools can play a wider role in the school system is by proposing a new free school, and we have already heard examples of that. We have already received applications from independent schools and I hope that others will join them in the months and years ahead.

Let me end by thanking my right hon. Friend—my hon. Friend, rather—once again.

Mr Rob Wilson: It is only a matter of time

Tim Loughton: Exactly. I thank my hon. Friend for calling the debate. He is right to draw attention to the vital role that independent schools have to play in supporting the education of disadvantaged children in our country. While I might not have given him the full response he was looking for, I empathise with the intentions and motives behind the points he made. I encourage him to continue pursuing practical ways that we can get more children from maintained sectors integrating better with children from other backgrounds from the private sector. I look forward to continuing to work together, with him and other Ministers, to help all children access the best possible education, which it is their absolute right to want and our duty to provide.

A38 (Amber Valley)

10.56 am

Nigel Mills (Amber Valley) (Con): It is a pleasure to speak under your chairmanship, Dr McCrea. I am grateful to have the chance to raise this issue, which is of great importance to many communities throughout my constituency.

It would help to start by putting the issue in context, in case the Minister is not fully familiar with the stretch of road. The A38 is a dual carriageway, providing a convenient link from the M1 to Derby and on to Birmingham. Despite the efforts of some signposting on the M1, it is an attractive commuter route to Birmingham, especially when faced with the risk of delays on the M1 and M42, the generally suggested route.

Since the road was constructed about 30 or 40 years ago, the level of traffic, especially heavy lorries, using it has grown consistently, exacerbating the noise. There is real concern that the level of traffic will only continue to increase. There are some proposed developments, including one in my constituency that would add a new junction to the road and a new business park. As a result, we would all expect to see an increase, certainly in heavy goods traffic.

Employment and jobs are attracted into my constituency by the great transport links provided by the road, especially to the various industrial parks nearby. That is not something any of us wants to stop. I suspect the strategy for increasing the number of jobs is to build on the attractiveness of the road. However, that leaves us with the problem that a number of people up and down the road are suffering significantly from the level of noise.

It is useful to paint a picture of the geography of Amber Valley. The clue is in the name of the constituency. It is made up of lots of hills and valleys, through which the A38 sweeps. In places the road is higher than the neighbouring houses, and in others the houses look down on the road. Those two situations suffer some of the most significant noise problems.

Various communities up and down that nine-mile stretch of the road are in my constituency. We can start in the south in the small village of Coxbench, working northwards to Rawson Green and various bits of the town of Ripley that are quite close to the road. Moving further north, we come to Swanwick; that, too, abuts the road. The place that perhaps suffers the most significant problem, given the volume of houses, is the town of Alfreton. I have not listed every place that suffers an impact from the road, because my constituency contains so many separate communities.

It will be useful to explain the history of the road. Some places that are affected were there before the road was built. Sadly, when the road was constructed, the present rules and regulations on how close to houses new roads can be built, or on what noise abatement measures should be put in place, were not in force. We ended up with some slightly strange situations where houses are incredibly close to the road.

In various places, the road almost goes over houses, and some unfortunate people in Alfreton live in houses that are almost sandwiched between the A38 and the slip road that joins it at that point. One can only imagine the level of noise suffered by those who live there. I have visited one of those houses, and even with double glazing and with all the doors and windows closed there is a constant burr of noise when the road is busy; when the windows or the back door are open in the summer, the noise is unbelievable. It is not something that any of us would choose. The noise obviously has a major impact on quality of life.

I have tried to stress how significant a problem it is, although I do not doubt that it is a problem for all who live near trunk roads. The problem was recognised by the previous Government, because noise action plans for major roads were signed off by the then Secretary of State almost a year ago, on 15 March 2010. They set out action plans for tackling the problem.

A study has come up with some scary statistics. For instance, 9.7 million people in the country have to live with noise of more than 55 dB from major roads. That figure falls as the level of noise increases; about 74,000 people have to live with noise of more than 75 dB. Having experienced what I suspect was noise of more than 75 dB, I can tell the House that urgent action is needed. The study says that dealing with those locations is the first priority. The details provided by the Highways Agency show that four patches in my constituency fall within those first priority locations—Coxbench, Rawson Green and two stretches in Alfreton.

I have some concerns about exactly how that study was done. I was told that it was a desktop study that mainly considered distances between houses and the road. I do not know whether it took account of the fact that the road towers over houses or that other houses are somewhat higher than the road, but the nature of valleys can cause the noise to echo, resulting in the noise being louder than expected from a distance. Perhaps further work needs to be done to validate whether those sites, too, should be a first priority. I have listened to the noise in some parts of my constituency, and I am surprised that they are not shown as being at the same level as those that are considered to be first priority.

That leads me to the two themes that I hope the Minister will address. First, when can we expect to see action for those who live in first priority locations? Secondly, where will that leave those who are not in those locations? The action plan produced a year ago sets out four potential courses of action for those who live in first priority areas. In simple terms—I am not an expert—they are to erect noise barriers, with which we are all familiar; to install low-noise surfaces; to introduce traffic management measures; and to improve the noise insulation of affected properties. I suspect that on this stretch of the A38, traffic management measures will be a challenge, as it is a long run with no junctions from the M1 to Derby, and it attracts some to drive at high speeds—except at the rush-hour peak, when the traffic tends to back up.

The Parliamentary Under-Secretary of State for Transport (Norman Baker): To what extent does traffic divert from the A38 to the B6179, which seems to run parallel to it for a long stretch?

Nigel Mills: As with all such matters, trying to work out who uses what route at what time and for what purpose is a challenge. The A38 is a major trunk road,

and unless there is a problem for those travelling through Amber Valley from Derby to the M1 or vice versa, I suspect that they are unlikely to divert to other routes. People who are making short, local journeys will clearly take a different view, and there are other options for those who might prefer a different route, but it depends where they are going. Most of the noise problems are caused by heavy goods vehicles going at significant speeds, but it is unlikely that HGV drivers would divert from the main road.

I doubt whether traffic abatement measures will help. If we were to say that the solution was to reduce the speed limit to 50 mph, we would hear howls of protest, especially as the Government are apparently talking about raising the speed limit on motorways to 80 mph. If the speed limit on the A38 were reduced, I am not sure how many drivers would observe it, given that many do not observe the existing speed limit.

A low-noise surface would be an attractive solution. It is used in some places, but I understand that funding does not allow the proactive replacement of such a surface; in most cases we have to wait until the existing surface has worn away and needs to be replaced, at which point the change could be made. I wonder whether there is any scope for proactive replacement of that surface where there is a clear problem. That leaves the erection of noise barriers, when effective, or helping people to insulate their houses.

The study suggested four potential outcomes for people in high-priority areas. The first is the implementation of action, with financial resources being immediately available. That sounds like a great scenario. Will the Minister say what financial resources will be immediately available? I am not sure that we in Amber Valley look forward to his answer.

The second is the implementation of action but with no immediately available resources. That may be possible, but what resources does the Minister expect to be available in the short to medium term, and how are we to go about finding them? The problem is caused by the Highways Agency's trunk road and there is a duty to take some action. It is not a discretionary matter, where people can say, "Yes, we know it's a problem but it is not our problem." There is a duty to act.

The third is that action is possible but there is no scope to construct or there are overriding technical problems. The worst potential outcome is that action will not be possible owing to large adverse effects—perhaps environmental matters.

The questions are these: what can be done and when can it be done? It is all about timing. My constituents have known about the problem for many years, and have been waiting for some kind of action. There is an action plan, and I suspect that everyone wants to see progress being made. Will the Minister say when he expects to see these projects being started? I am not sure that I can press him for this level of detail, but when can we expect to see some help in Amber Valley? The action plan implies that some of the action will start from April 2011. Is that still the case, or is there likely to be some delay?

I wish to raise one more matter, as I want to give the Minister plenty of time to respond.

Neil Carmichael (Stroud) (Con): You are probably wondering why I am intervening on the subject of this road, Dr McCrea. It is because it goes through my constituency as well. There are two points that I should like to bring to the Minister's attention. First, we have difficulty with the varying speed limits, and it would be easier to have a consistent speed limit for some parts of the A38. Secondly, we need to lower speed limits to deal with the problems of noise. Can the Department for Transport be more flexible and allow our local councils to alter speed limits to suit local needs?

Nigel Mills: I am grateful for that intervention. I was talking about speed a few minutes ago. Although such a solution would be helpful for my hon. Friend, I struggle to see how practical it is as an option and how likely it is even to be observed.

Before my hon. Friend intervened on me, I was asking about the people who are not in the areas of first priority. What hope do they have of seeing some noise mitigation measures even in the medium term? Will this Parliament only be able to deal with those in the first priority areas, or is there some hope for the next highest band? A significant number of people who are not in the first priority area have to live with noise of more than 60 or even 70 dB. If it is unlikely that we will have any significant amounts of funding from the taxpayer to deal with that, what other options are available? Is it possible to consider match funding? If there is some significant development in the area that will increase traffic, is there a way in which we can raise section 106 contributions to put in noise barriers, even if they are not exactly adjacent to the new development? It is probably not right to rule out any option. If we think creatively, we may be able to improve the quality of life for people who live in these areas.

I hope that the Minister can give me some good news on when we will start seeing some action. At the very least, I hope that he can help my constituents to understand what the timings and processes are before we can resolve this long-standing issue.

11.12 am

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I thank my hon. Friend the Member for Amber Valley (Nigel Mills) for raising the important subject of traffic noise and securing time to allow us to debate the issues. I speak for the Government on 97% of the roads in England—the local roads. The Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead (Mike Penning), deals with trunk roads and motorways, so the A38 is one of his roads. Unfortunately, he cannot be here today, so I am standing in for him. I will discuss with him the issues that have been raised today and draw his attention to my hon. Friend's comments about the road in his constituency.

Nuisance from traffic noise is an issue that the Government recognise. Action is being taken to reduce the problem and real progress continues to be made. The strategic road network provides the backbone for the distribution of goods, services and people within England and beyond, thus providing a valuable contribution to the UK economy.

The network carries a third of all traffic and two thirds of all freight traffic, but represents only 3% of the road network by length in England. With such a concentration of use, combined with the speed of vehicles, noise from motorways and high-speed trunk roads is an understandable concern for those living close to them.

[Norman Baker]

My hon. Friend has raised a number of concerns about traffic noise at sites along the A38 in his constituency. I sympathise with his concerns and I will explain our policy on dealing with traffic noise from roads and what measures the Highways Agency has taken, and will take in the future, to deal with the issues identified by him.

Before 1998, the assessment of noise impacts was carried out only for new roads. Where noise levels have been predicted to be high as a result of the construction of a new or improved road, measures such as noise barriers or earth embankments are normally included in the design of the road as a means of reducing noise to more acceptable levels. Where such measures cannot be provided, either because of high costs or for practical reasons, there are provisions in the Land Compensation Act 1973 and the Noise Insulation Regulations 1975 for the provision of noise insulation at the affected properties. Such measures have, for many years, provided protection against increased road noise for those affected by new roads.

Since 1998, quieter surfacing materials have been installed on new strategic roads as a matter of course. They have also been installed on existing strategic roads when they have required resurfacing to restore them to a safe and serviceable condition. Such materials have provided significant reductions in traffic noise for many in recent years.

The UK has used quieter surfaces from as early as the 1970s, developing the use of porous asphalt, which was known to reduce tyre noise as well as spray in wet conditions. That material has successfully been used for a number of years on some strategic roads, but it is a more costly solution than recently developed materials. Further progress has been achieved in the development of a new generation of quieter surfacing materials, which are cost-effective, reduce the time needed for resurfacing and can be used routinely on motorways and other high-speed trunk roads. To date, 40% of the strategic road network has been resurfaced with these materials, including a section of the southbound A38 between Ripley and Rawson Green.

The Highways Agency regularly reviews ways in which it can maintain the network in the most cost-effective way. It is currently reviewing maintenance strategies for the strategic network in its drive to reduce cost. I will ask the Highways Agency to keep my hon. Friend informed of the outcome of the review, particularly if it has an impact on future maintenance of the A38 in his constituency.

My hon. Friend mentioned resurfacing as one of the possible ways in which to deal with these matters. I am advised that the Highways Agency policy is to install quieter surfaces when a road is due to be resurfaced, but it will not resurface a road solely for noise-abatement purposes. That is deeply frustrating for hon. Members. I have been trying to persuade the Highways Agency to resurface the A27 in my constituency for similar reasons, so I understand the concerns that he and his constituents have. I am advised that there will be not much new surfacing along this particular stretch of road for the next four or five years.

Looking to the future, we will continue to manage road traffic noise levels as a result of the introduction of the environmental noise directive. The directive requires member states to undertake five-yearly cycles of noise mapping and action planning for all major sources of environmental noise, including that from road traffic.

This approach will help us to understand the extent of traffic noise problems alongside our major roads, and to identify where action to reduce road traffic noise needs to be taken, subject to funding being available. Although the Department for Environment, Food and Rural Affairs has overall responsibility for delivering the directive's requirements in the UK, the Highways Agency has been working with it for a number of years to deliver its noise mapping and action planning requirements.

The first round of noise mapping results were published in May 2008 by DEFRA. That was followed in March 2010 by the noise action plans, which were designed to identify important areas that sustain impacts from major sources such as road traffic. The action plans require those important areas that contain first priority locations to be investigated initially. My hon. Friend referred to those locations in his constituency. I am advised that there are about 1,500 important areas containing first priority locations along the strategic road network. Two of those are along the A38 within his constituency and, as he is aware—from his meeting with Highways Agency officials on 16 August last year—they are at Rawson Green and Coxbench.

Nigel Mills: The details provided by the Highways Agency have identified some further locations in Alfreton in addition to the two at Coxbench and Rawson Green. Is that something that is not correct now, or is it something that the Minister needs to check?

Norman Baker: The information that I was given by officials is that there are two areas on the A38 within my hon. Friend's constituency, but as he has put his query on the record, I will ensure that either I or my hon. Friend the Member for Hemel Hempstead writes to him to clarify that point.

As with all important areas with first priority locations, the agency will investigate the sites at Coxbench and Rawson Green during 2011. Those investigations will identify what measures could be effective at reducing noise levels at the individual locations. As they are not yet complete, I cannot confirm what measures will be identified at the two sites and whether any funding will be available to install them. However, I will ask the Highways Agency to inform my hon. Friend of the outcome of the investigations at these two sites when that information is available. If there is any further information that is available when I or the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead, write to him about the points that he has raised in this debate, we will include it in the letter so that he has the most up-to-date information available at that stage.

My hon. Friend the Member for Amber Valley also mentioned a number of possible solutions. Barriers will obviously be considered as a potential solution, if their use is thought to be appropriate. I must make it clear that I am not promising that barriers will be installed, but they will be considered just as a matter of common sense. Obviously, barriers have a cost and an impact on the countryside, and those factors must be taken into account when considering the use of barriers on any trunk road in the country.

My hon. Friend is probably right to say that the potential for traffic management on the A38 in his constituency is limited, although I note his comment about speed limits. Again, I will pass that back to the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead. In addition, my hon. Friend the Member for Stroud (Neil Carmichael) made an intervention about speed limits. The general approach of the Department and indeed of the Government is to move towards having more localism, but obviously speed limits for local roads—the 97% of roads that are within my portfolio—more easily lend themselves to local authority influence than speed limits on trunk roads. However, if a local authority, particularly a highway authority, wants to suggest a speed limit for a motorway or, more likely, a trunk road, there is no reason why that suggestion should not be fed in to the Highways Agency and properly considered at that stage. If there are particular views about the speed limit on the A38, I encourage hon. Members to feed them in to the Highways Agency or to the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead.

There was also mention of section 106 agreements. In principle, section 106 agreements can be designed and used to achieve helpful changes to the road network in a particular location, if they are germane to the planning application that has been submitted and agreed to. However, that is really a matter for the local authority—the planning authority—to take forward and to determine what, if any conditions, are appropriate for a section 106 agreement. That is not a process that we would get involved with directly, but if there was a feeling in an area that section 106 money should be used to tackle a trunk road problem, obviously the Highways Agency would want to become involved at that stage, to discuss whether or not that course of action was appropriate for that location.

My hon. Friend the Member for Amber Valley also mentioned the action plan on noise. As he knows, that plan has already been published by DEFRA and, as I have already said, at the start of next month the Highways Agency will begin to consider noise mitigation measures that, in theory, can be installed in 2012-13.

Lastly, the policies that are already in place have led to significant improvements for many residents living close to strategic roads across England. Real differences have been made and we will continue to help those people who are most affected by road traffic noise in the long term, including people in my hon. Friend's constituency.

Nigel Mills: I am grateful to the Minister for those comments. The "pushback" that we get from constituents is that these action plans are meant to be five-year action plans and what we all want is that, during the five years of these plans, we actually see some action. Is the Minister suggesting that we will start to see some action on some of the 1,500 projects around the country during the life of this Parliament, or is it likely that the funding constraints will mean that there is little chance of these noise hot spots being dealt with during that time? He was not entirely clear about how much resource was immediately available to address these issues.

Norman Baker: Dr McCrea, I had actually finished my response to the debate, but I am happy to take a further intervention and respond to it as best I can. My hon. Friend will be aware that the resources that are available at the present time are stretched, because of the appalling inheritance that we received from the last Government. Therefore, we have had to look carefully at where we spend our money. On the other hand, we have legal obligations—for example, the environmental noise directive—and we will seek to discharge them.

If there is any further information that I can add about time scale in the letter that we will send to my hon. Friend—it will come either from myself or from the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead—after this debate, we will do that. We will certainly try to include as much information as possible at that time. I hope that that response has been helpful.

11.24 am

Sitting suspended.

Wood Panel Industry

[MR MIKE WEIR *in the Chair*]

2.30 pm

Mrs Anne McGuire (Stirling) (Lab): It is a pleasure to take part in this debate under your chairmanship, Mr Weir. I do not think that I have had the pleasure of being on a Committee that you have chaired. We go back a long time in this place, so I am delighted to see you here today. I am also very pleased to see both the Minister, with whom I have had conversations on this issue in other parts of the Commons, and my hon. Friend the Member for Liverpool, Wavertree (Luciana Berger), who is representing the Opposition.

I am delighted that we have secured the debate, because we are at a crucial juncture for the wood panel industry. It is the UN international year of forests, which presents a good opportunity to review policies that affect our forests and associated industries. Last week's announcement on the renewable heat incentive was a great blow to Norbord, a panel manufacturer in my constituency and one of seven plants that constitute the UK's wood panel industry. The industry produces, wholly from UK-sourced wood, two thirds of the UK's consumption of wood-based panels—chipboard, MDF and oriented strand board. Much of that wood is post-consumer waste wood, with Sonae UK in Merseyside now making chipboard from 98% recycled material. All virgin material is certified by the Forest Stewardship Council. The industry plays a valuable, if somewhat understated, role in carbon abatement, by locking carbon into the product, often for decades, as is the case with housing.

Norbord plays a vital role in my constituency. It employs more than 250 people directly and is one of the few large private sector employers in the area, offering a valuable apprenticeship scheme in addition to manufacturing. Its campaign to highlight the detrimental impact of large-scale biomass energy is fully supported by the workers at the factory, under their trade union Unite.

Let me be very clear to the Minister from the outset: neither Norbord nor the wood panel industry has any objection to the aims of the RHI. Indeed, the sector accounts for a third of the British industry's generation of renewable heat. However, that huge contribution is threatened by exclusion from the RHI of the industry's existing capacity. This is, in many respects, an issue that does not gain the headlines, so I want to put on record the fact that we have support from organisations such as the United Kingdom Forest Products Association, Timcon, Valpak and other wood supply outlets that have fears about some of the issues that I will raise this afternoon.

As the Minister knows full well from meetings with the industry and with the all-party group for the wood panel industry, of which I am chair, biomass is unlike any other major form of renewable energy because of the ongoing fuel costs involved and the potential for serious distortion of the wood market. I appreciate that the Government do not want to support all early adoption of renewable technologies. That is perfectly understandable, but I hope that the Minister recognises that the industry has an important contribution to make to renewable heat. If we do not get some resolution to the current situation, that important contribution will be jeopardised by subsidies to new entrants to the wood market, and by the arbitrary nature of the July 2009 cut-off date for installed installations.

I have to be frank with the Minister. The wood panel industry feels particularly aggrieved by the apparent lack of consideration given by the Department of Energy and Climate Change to its well-evidenced arguments about the impact of subsidised biomass demand on the UK wood market. I would, therefore, like the Minister to tell us why the wood industries are not even mentioned in the RHI impact assessment, despite the submission to his Department of data on timber prices and availability. The four paragraphs devoted to competition assessment make no mention of the wood market, which, as the Minister knows full well, will be the source of most of the biomass feedstock. There appears to be little point in conducting an impact assessment when adverse impacts that are clearly detailed to the Department are, apparently, studiously ignored. If assessments are not objective, who will trust them? I am sure that my all-party group colleagues who are here today can, like me, attest to the clarity of information and evidence that the Wood Panel Industries Federation has produced for the Department's scrutiny.

I am not sure whether the Minister heard the recent BBC "Today" programme's coverage of the RHI announcement. It picked up on the sustainability question: will biomass demand prove as unsustainable and environmentally damaging as biofuels? Roger Harrabin, the environmental analyst, raised the important issue of the double-counting of land when assessing potential biomass availability. That relates not just to the UK; it appears to be the case across Europe as well, where the combined biomass demand from EU member states, as declared in their national renewable energy plans, is just short of 1 billion tonnes of wood every year. That would require the total global harvest of wood to increase by a third. Does that sound sustainable?

On the renewables obligation, although the Government's decision on the RHI is a further crushing blow to the competitiveness of the sector, the core problem remains the unsustainable and flawed support for large-scale electricity from wood. The wood panel industry has long argued that the renewables obligation has had the unintended consequence of distorting the UK wood market. That was not done deliberately, but we now have to deal with it. Several cumulative factors contributed to the distortion. First, demand for UK wood is beginning to outstrip supply; secondly, energy crops have not been planted in significant volumes, despite there having been generous incentives for a decade; and finally, the scale of biomass plants is huge. For example, Port Talbot's Prenergy plant will burn about 3 million green tonnes of wood per annum, with no guarantees that the material will be exclusively imported. That represents close to a quarter of the biomass available today in the UK. The consequences for the wood-processing industry are extremely serious, and will only be compounded by the introduction of an RHI that does not support the industry's existing renewable heat generation.

I hope that the Minister will accept that one of the most important myths that has to be confronted is that biomass plants will satisfy their demand from overseas—from imports. That is hugely inaccurate, misleading and

irresponsible for three main reasons: first, the global pressure on wood supply; secondly, the differential in price between imported and domestic wood fibre; and thirdly, the fact that biomass plants are not committed to any supply chain when they receive planning permission.

Let me start with global wood supply and demand. Investment in biomass and biofuels is increasing significantly around the world, as the Minister undoubtedly knows. Canada and the US, which are frequently cited as potential sources of fuel for the UK, are seeing more and more biomass plants proposed, as the cost margin between energy generation from oil and from wood decreases. The Government know well how difficult it is to estimate how much wood will be available from abroad in the next 10 or 20 years, yet they are somehow confident that energy companies will be able to secure imports and will, therefore, not impinge too greatly on domestic wood. Many organisations are a great deal more sceptical about the sustainability of such global demand. They include Friends of the Earth, WWF and BirdLife International, to mention but a few. Furthermore, does the building of numerous import-reliant biomass plants not have serious ramifications for UK energy security?

The second factor undermining wood imports is price. As long as domestic wood is significantly cheaper than imported wood, which is currently about double the price, any energy company worth its salt will source as much cheaper UK wood as it can. That is just business. Forth Energy, for example, which is trying to build four large electricity plants close to my constituency in central Scotland, has been more open than most in stating that it intends to burn as much indigenous biomass—that is British wood—as possible.

The consultancy E4tech produced a report for DECC's renewable energy strategy in 2009 that considered international biomass supply. E4tech concluded that the UK could import significant volumes of woody biomass to supply UK demand, but that import costs would remain high. It predicted that in 2010, all imported material would be more expensive than domestic wood, and would still be more expensive even by 2030. That was true in each of the four scenarios that the report used, from business as usual to high growth.

E4tech produced another report for DECC earlier last year on biomass prices in the UK electricity and heat sectors. On wood chip prices, the report concluded:

> "In 2020, imported chips are estimated to be much more expensive…than chips from UK energy crops…hence are unlikely to be used for heating. The UK biomass heating sector is therefore likely to only see the UK energy crop chip prices."

I hope the Minister will accept that that goes to show that the RHI will only add to pressure on domestic wood supply and drive up prices above levels that the wood panel industry can absorb or pass on to customers. Biomass energy companies will buy wood from established wood markets, such as the market for small roundwood, unless they are specifically encouraged not to do so. Why would they seek out twisted branches, stump and brash when they can outbid existing industries for small roundwood, sawdust and even logs?

The final and crucial factor concerning imports is that biomass plants, once built, can source material from wherever they see fit as long as the wood is certified under a forest management scheme. The fact that many such plants are situated at ports does not mean that they will not buy huge amounts of wood from the UK. As I have explained with the aid of DECC-commissioned reports, there is no prospect of international woody biomass becoming cheaper than domestic wood.

On carbon balance, my fundamental question to the Government is this: what is the best possible environmental outcome for this precious and limited resource? The Government must not simply weigh the carbon balance of energy generation from fossil fuels and wood; they must also consider the environmental benefits of competing uses of wood. It is a well-established fact that wood products are an important carbon sink that can be burned for energy after their useful life.

According to the Forestry Commission's Biomass Energy Centre, direct CO_2 emissions from combustion of wood chips for electricity in a large-scale plant are more than five times as high as emissions from the combustion of hard coal. I acknowledge that life-cycle CO_2 emissions from large-scale wood-fired electricity production are considerably less than coal, but there is a considerable and crucial time lag, or carbon debt. It will be between 30 and 40 years before new plantings in coniferous temperate forests can reabsorb the carbon released through combustion. I represent a constituency with large forests—a landscape you will recognise, Mr Weir, as someone from Scotland—so I know that is not a short-term fix. In the short to medium term, new large-scale biomass plants will massively increase carbon emissions. If climate change is to be taken seriously, how can we be comfortable with such a perverse outcome?

Roger Williams (Brecon and Radnorshire) (LD): I congratulate the right hon. Lady on securing this important debate. She is making a powerful case for which I have a lot of sympathy. A lot of wood ends up in landfill that could be used in biomass facilities, which would be of benefit in reducing carbon.

Mrs McGuire: That chimes with the views of the industry. Some of that wood could easily be used for biomass energy generation, instead of the wood currently used by the wood panel industry and other industries. The hon. Gentleman makes a powerful point. An appropriate comment might be that we must look beyond the trees so that we can see the wood.

The Environment Agency's 2009 report "Biomass: Carbon sink or carbon sinner?" got to the nub of getting the best environmental outcome from the material. Although I accept that the introduction of a heat incentive is a good step in principle, wood will continue to be consumed in massive quantities for electricity production as long as financial incentives make it attractive. Because wood supply is limited and displacement of the wood panel industry is a realistic outcome, it is vital to compare the carbon emissions of electricity from biomass with those produced by panel board manufacture.

A study by Carbon River submitted to DECC last year demonstrated that CO_2 emissions from the wood panel industry equate to 378 kg of CO_2 per tonne of timber processed. By comparison, CO_2 emissions from the biomass industry consuming domestically sourced timber equate to 1,905 kg of CO_2 per tonne of timber processed. The wood panel industry's annual consumption of timber is between 4 million and 4.5 million tonnes per annum. If it were displaced by the biomass industry,

[Mrs McGuire]

the increase in net CO_2 emissions would equate to 1,527 kg of CO_2 per tonne of timber processed. That works out at about 6 million tonnes of CO_2, or a 1% increase in the UK's net CO_2 emissions each year.

If the UK is to burn 50 million tonnes of timber a year to satisfy its energy requirements, direct CO_2 emissions could increase by 95 million tonnes per annum. Will the equivalent capacity of fossil fuel plants be retired to compensate, or will the carbon reduction policy in fact increase our carbon footprint? Large-scale growth of biomass usage for electricity production will not only be detrimental to the wood processing industries, including sawmills; it is also likely to put even greater pressure on land in the UK and abroad that is currently used for farming food crops.

I hope that the Government can accept some responsibility for elements of that powerful challenge. In response to a Channel 4 news exposé of biomass and timber prices last week, the Government stated:

"It is not our intention for our renewable support mechanisms to adversely affect other industries. We believe this can be minimised by increasing the supply of wood and forestry residues available, better management of our waste wood"—

that chimes with the comments of the hon. Member for Brecon and Radnorshire (Roger Williams)—

"and the increased use of other biomass resources such as food waste and perennial energy crops."

Frankly, it is not good enough for the Government to say that it is not their intention to affect industry. If they are interfering in the market, which they are, they must make certain that they obey the golden rule: do no harm. Therefore, I respectfully suggest that it is negligent of the Department to omit the industry from its RHI impact assessment.

The Government's answer to concerns about the sustainability of biomass energy is to cite the proposed sustainability criteria. With regard to wood, those are simply measures of good forest management and in no way provide a picture of sustainable levels of demand and supply, or of the impact that biomass will have on carbon sinks and recycling. The Government say that they will act if distortion occurs, but frankly, any action will be far too late. Distortion is occurring today, and these industries are already at their competitive limits.

No one doubts the complexity of the problem. However, we have to recognise that there is a better way of making decisions about the use of wood. At present, no other country in the European Union encourages wood-fired electricity generation on the scale seen in the UK. Countries with much greater forest cover, such as Germany and Austria, have sensibly instituted minimum efficiency standards that preclude electricity generation from wood alone, thus encouraging the development of high efficiency heating and small-scale combined heat and power. The Minister does not even need to look beyond these islands. You will love this sentence, Mr Weir: we could follow the lead of the Scottish Government, who have expressed a preference for those processes over large-scale electricity from biomass. I am pleased to tip my hat, on this occasion, to the Scottish Government's lead on the issue.

Despite the introduction of the RHI, the Minister cannot deny that the current incentive regime still makes burning virgin timber for electricity an attractive proposition. The best way to end market distortion and to achieve the best environmental outcomes is to end support for electricity-only generation from wood, and to exclusively support quality CHP, heat generation and energy from treated wood waste. That would ensure high energy efficiencies, protect current and future wood recycling, and reduce landfill. It would also greatly reduce the impact on wood processors, who play a vital role in carbon abatement, through the manufacture and recycling of low-carbon, sustainable construction and furniture materials.

If the Minister recognises the valuable contribution made to the carbon agenda by the panel board industry, will he please comment specifically on how the creation, through a subsidy, of a four to fivefold increase in the demand for limited biomass cannot but distort that market and impact detrimentally on that industry? Finally, does he feel that the loss of the UK's wood panel industry is acceptable collateral damage for hitting renewable targets? That is what appears to be happening. It would be a sad conclusion, not just because of the jobs and skills that would be lost in a rural industry, but because, perversely, such displacement of wood would actually increase carbon emissions, which is the very thing that I am sure the Minister would not want. I welcome this opportunity to put these issues to the Minister and look forward to the response of my hon. Friend the Member for Liverpool, Wavertree for the Opposition, as well as that of the Minister himself.

2.54 pm

Guy Opperman (Hexham) (Con): Thank you for the opportunity to speak in this debate, Mr Weir. I apologise for being late, but I was detained briefly in another meeting.

I will begin by giving some background to the debate. I have 49,000 square hectares of forest in my constituency, which has at least six major forests. I have three times more than anybody else in the House of Commons. I did not vote for the Government's forestry proposal. I abstained and did so for a number of reasons, not least because I did not think that it was the best way forward for individual forests to be assessed. I also abstained because a significant number of jobs were under threat—one must not diminish the numbers involved. I agree almost entirely with the comments of my friend the right hon. Member for Stirling (Mrs McGuire), because the law of unintended consequences may be relevant. We have a significant supplier in the form of Egger, which has more than 400 people involved in the forestry business. A second supplier, SCA Timber, has another 400 people. The third supplier is the Forestry Commission, which, along with others, is associated in a multitude of different ways.

I am talking about the most sparsely populated part of England, and it is hard to think of what else individual people could do to make a living. They have eked out a good, successful niche business, based around the forestry proposals. The difficulty is that the wood, and the approach to it, is what binds those people together. It is the glue that holds the community together. I do not want to overstate this, but it seems that we are approaching a crucial decision on the way forward. To that end, I am surprised that there is no mention of the wood panel industry's views in the RHI consideration. Will the Minister comment on that when he responds? I fully understand that the RHI has been delayed and accept

entirely that there are many difficult problems, but the fact that the views of the wood panel industry have been ignored is important. The impression given is that the wood panel industry will survive with or without RHI. In fact, one could go further and say that that implies that the wood panel industry will survive in the absence of RHI.

I remind all parties involved of the huge amount of capacity involved in wood biomass. The forestry industry believes that one of the core problems is the Department's optimism about wood biomass supply. I grant that a modicum of extra material could be brought to market, but even the most optimistic estimate of the Department for Environment, Food and Rural Affairs is an extra 2 million tonnes a year. Last year's report by John Clegg Consulting categorically states that current wood demand is in balance with wood supply. In other words, the demand and the amount in this country—give or take a little either way—are, effectively, the same.

Roger Williams: I apologise, Mr Weir, that I will have to leave shortly, so I will not be able to make a speech. I, too, represent a constituency that has a lot of forestry and a lot of people employed in forest jobs. Eighty per cent. of the forestry estate in England is in private hands, and of that 80%, only 60% is properly managed. If the other 40% were brought into proper management, that would generate more wood fibre and deliver more public good.

Guy Opperman: I am glad that the hon. Gentleman raised that point because it is absolutely key. It is often argued in relation to these particular environments that wood capacity will increase—we could market it better, find it better and produce it better—and we can then find the supply we need. Even allowing for the hon. Gentleman's argument, given the amount that we will have to find, there is a massive disparity between what the Minister will say and the point we are trying to make.

I shall give one example in relation to the Drax argument. The level of wood demand will be approximately 40 million to 50 million tonnes a year if various things go forward, but we must bear it in mind that we are at a level of just over 10 million tonnes, going up to 12 million tonnes on an ongoing basis, so there is a massive disparity. I flag up the point that if Drax gets its way in the next renewables obligation review and the co-firing cap is removed, it could consume a further 10 million tonnes. I hope that that is not the case because it would mean that a standard wood producer—an owner of a supply—would struggle in terms of their contribution and ability to function. The Government have to respond to the industry's extremely reasonable argument that biomass electricity plants will consume the cheapest and most easily available material—namely, virgin timber from UK forests.

I urge the Government to reform the renewables obligation before it is too late, so that biomass energy is proportionate, sustainable and highly efficient. At the moment, there is a real danger that if someone is involved in this particular product, they will face the issue of overseas supply. I cannot see how we will be able to produce this type of work, and this amount of wood, on an ongoing basis without there being significant overseas supply, with all the environmental factors that are attached to that. The statistics are effectively unarguable. I would welcome the Minister's views on the matter.

Given that we have a very successful ability to produce good jobs in a competitive economy on an ongoing basis—1,000 people are employed in the industry in my constituency—it is odd that we are trying to pass legislation, which, as my friend the right hon. Member for Stirling explained very eloquently, will cause long-term difficulties. If we do not address the matter, we will end up with problems.

3.3 pm

Susan Elan Jones (Clwyd South) (Lab): I am delighted that we are holding this debate on the wood panel industry. I congratulate my right hon. Friend the Member for Stirling (Mrs McGuire) on securing time for it. I thank the hon. Member for Hexham (Guy Opperman) for his thoughtful contribution and the hon. Member for Brecon and Radnorshire (Roger Williams) for his thoughtful intervention.

The wood panel industry is represented in my constituency by Kronospan, which is based at Chirk. The factory is a key employer in the area and is one of the largest in north Wales, with around 600 direct jobs on site. Those are highly skilled comparatively well-paid jobs that make a huge difference to the economy of the area. Kronospan worldwide is the number one producer of medium-density fibreboard and particleboard, and it operates in 24 countries. Locally, it is impossible to overestimate the massive economic impact that that company has. It spends in the region of £30 million a year on local suppliers and close to £1 million in rates. I am extremely concerned to hear that support for large-scale wood-fired electricity generation is threatening the very survival of that sustainable and crucial business in my constituency.

Let me make it clear—this point has been previously made by hon. Members—that we recognise that what is happening is an unforeseen consequence and we also recognise the reasoning behind support for what was the fledging biomass industry. It is not our place to be critical of that. However, we recognise the reality of what is happening to the wood panel industry as a consequence of that position. Wood supply and the best use of wood have suffered in policy making because of the way those issues fall between three Departments—DEFRA, the Department of Energy and Climate Change and the Department for Communities and Local Government—and their respective agencies. I know that DEFRA is well aware of both the limits of domestic wood supply and the extreme inefficiency of burning wood purely for electricity. For example, it is worth noting that the Environment Agency's report, "Biomass: Carbon Sink or Carbon Sinner," explicitly calls for a

"strong presumption in favour of combined heat and power"

over electricity-only generation. DCLG certainly supports the use of wood products for construction as a low-carbon alternative to other materials, but the policies that will most affect how wood will be used are the most lucrative ones, namely renewable energy. That is partly because DECC is doing its level best to achieve extremely ambitious renewable energy targets.

The industry has long suspected that information sharing between the Forestry Commission and DECC and its predecessors is simply not up to scratch. The commission undoubtedly has a good grasp on the availability of UK wood. However, for a variety of

[Susan Elan Jones]

reasons, it does not have an equivalent expertise in forecasting wood demand. It is the wood industry's belief that DECC's understanding of wood fibre streams, uses and demands is totally inadequate, considering the impact that the Department's policies have on the wood market. The renewable heat incentive's timber coverage is a case in point. The RHI document states:

> "We do not expect significant quantities of prime timber to be diverted into energy as a result of the RHI. However, should evidence show that high grade timber is being diverted into heat use, and that turns out to be a perverse outcome from a greenhouse gas lifecycle perspective or causes concerns about deforestation, measures will be introduced to prevent it."

That is the sum total of the policy's attention to the largest source of biomass in the UK.

The industry is most interested to know what DECC means by "prime" or "high grade" timber, as the RHI document provides no explanation. We already know that energy companies are seeking long-term contracts for the supply of small round wood, which is the core feedstock for the wood panel industry. The Department seems to be ignoring the fact that that distortion is happening today. Wood pellet plants, such as the one near Inverness, are using high-grade timber in the production of pellets. That trend will only increase with the additional incentive of the RHI. Will the Minister comment on what he deems to be prime timber? What evidence would his Department wish to see to convince it that such an outcome is already a reality? Does a wood panel factory have to close before measures are introduced to prevent that happening? I sincerely hope not. The Minister needs only to look at the experience of German and Austrian wood processors, which have suffered greatly as the result of massive increases in timber prices in 2004 and 2005.

Of course, this debate is also about the crucial issue of jobs, particularly but not exclusively in rural areas. If an overly generous biomass subsidy continues to be given to electricity producers, wood panel manufacturers will simply be priced out of the domestic wood market on which they rely. It will then become uneconomic to produce wood panel boards in the UK. A report on the wood panel industry by Europe Economics produced last year and submitted to DECC estimated that the loss of the industry would risk more than 8,500 full-time equivalent jobs. Taking the Government's re-absorption rate into consideration, that still means the estimated loss of well over 4,000 jobs. The displacement of the industry by large-scale biomass would also cost nearly £1 billion in lost economic activity across several industries, as calculated using basic input-output measures.

It is extremely significant that six of the seven panel plants we are discussing are in rural areas with moderate to high unemployment rates. We are speaking of rural or semi-rural communities with at most one or two large-scale employers; indeed, many have no such employers, which is why the employment we are discussing is so vital. In some places—Hexham, Ayrshire, Chirk, which is in my constituency, in north Wales, and South Molton, which is in Devon—the plants dominate the economic landscape, and their loss would be devastating for local communities. Whatever one's political persuasion, and whatever one's views on the wider macro-economic debate and on what will happen at this point in our economic history, such losses do not bear thinking about.

I recognise that we are not talking about one of the largest industrial sectors, but the Europe Economics report that I cited earlier said that the sawmilling industry would become vulnerable if biomass demand continued to increase and generators looked to buy the whole tree. The Forestry Commission estimates that the sawmilling sector accounts for about 12,000 employees, and the Government would surely be worried about the loss of that employment.

Biomass plants frequently cite green jobs in applications for planning consent. In reality, however, the number of such new jobs is minimal—on a plant-to-plant comparison and per tonne of wood consumed—compared with the number created in the paper and panelboard sectors. On any objective analysis, biomass plants are less green. I am, of course, extremely concerned about the potential loss of a major employer in my constituency, and I trust that the Government will be, too.

The risk to the industry has been recognised right across Europe, with panel companies shutting down production lines or whole factories in Belgium and Germany because of a lack of wood. In 2009, the EU officially recognised the wood panel sector as one of several industrial sectors exposed to carbon leakage—the risk that companies might relocate outside the EU to countries with less onerous environmental regimes, thereby increasing global emissions. How can that recognition by the EU be reconciled with the RHI impact assessment for the panelboard industry?

As all Members present will recognise, the wood panel industry faces an extremely serious situation unless such consequences are foreseen and dealt with.

3.13 pm

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I apologise for not being present at the commencement of the debate, and no discourtesy was intended. I was participating in a debate on the Floor of the House on fuel prices, an issue that will be of some interest to the wood panel industry and the wider timber industry.

I want to make a brief contribution because others will already have covered a number of points. The issues raised in the debate are of concern to me because I represent an Ayrshire constituency, which borders the constituency of Ayr, Carrick and Cumnock. The Egger plant at Auchinleck is on the border between the two constituencies, although, technically, it is in the constituency of Ayr, Carrick and Cumnock. I have had the privilege of looking around the plant on a couple of occasions in my capacity as MSP for Carrick, Cumnock and Doon Valley, although I will become the former MSP when the Scottish Parliament breaks up for the election in a few days. However, I continue to take a close interest in what happens at the plant and in Government policy on the industry in Scotland and the UK.

As Members will have heard, some very high-quality products are made at the Egger plant. I was certainly amazed, as a consumer of all things DIY at various stages in my life, to see how high-quality chipboard was made, finished and then used to make the doors that we have all seen in new housing developments. However, the important point for me was that this was a high-quality

product and created high-quality jobs in my constituency, which has particularly high unemployment and which has suffered for many years because of the loss of the mining industry and other parts of the manufacturing sector. The plant is therefore crucial, and the then Cumnock and Doon Valley district council was quite brave to pursue moves to locate the plant in the area. To be fair, it had to persuade the local community a little that it would be a good thing, and the company certainly worked with the council on that. I should add that the plant's work force have been retrained and upskilled to keep them up to date with what is required in this modern industry.

I was therefore somewhat disconcerted when I first heard that the supply of the waste wood that was being recycled and used to produce the new items at the plant might dry up if a significant amount were channelled for use in biomass. It seemed slightly perverse, at a time when we are trying to make the best use of recycled products, that there would be more incentive to burn waste wood than to recycle it, reuse it and turn it into something much more useful and productive. Obviously, I hope that we will hear about that from the Minister.

It is also slightly perverse that there seem to be incentives to use all waste wood in biomass. There should be some way of incentivising people to sort it and to strip out the treated wood from the wood that can be reprocessed sensibly. The Scottish Government, for example, support a proposal to ban the production of energy from materials that could otherwise be recycled. That would also reduce landfill. That is a particularly sensible approach. I am not sure whether I should be standing up for the Scottish Government, given that we are about to have elections.

Mrs McGuire: I should just let my hon. Friend know that, in the spirit of solidarity on this issue, I also took the opportunity to congratulate the Scottish Government, and I think you, Mr Weir, were delighted.

Mr Mike Weir (in the Chair): Twice in one debate.

Cathy Jamieson: With due respect to you, Mr Weir, I suppose we might as well make it a double. Two Labour Members supporting the Scottish Government in one day is surely not something that happens all too often in this place.

The ban is important. In my role as an MSP, I had the opportunity to raise questions about it. I was pleased that the Scottish Government decided to move on the issue and that they have proposed a ban in respect of wood that could be put to a positive use and be suitably recycled and reprocessed. Such a ban will ensure that only wood that is not suitable for processing in any other way goes to landfill.

We have to be a bit more imaginative and adventurous. I hope that we will see a shift when we talk about some of the issues facing the construction industry and some of the challenges facing us at the moment. I hope that we will talk about building our way out of the present difficult economic climate. When we renovate housing or look at new school buildings and other things in our local communities, I hope that we will look all the way through at what we can do to recycle and reuse wood products.

To conclude, if there is any opportunity to use Ayrshire-made products, which are manufactured on my doorstep and which are of the highest quality, I hope, of course, that people will do so—indeed, I am sure they will.

3.19 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Weir. I also add my thanks to my right hon. Friend the Member for Stirling (Mrs McGuire) for securing the debate and highlighting the challenges that the wood panel companies are facing, particularly Norbord in her constituency.

It is important to recognise the role that wood panel industries play in local communities. The Wood Panel Industries Federation estimates that UK wood panel companies directly employ around 2,300 people and, including indirect jobs, secure around 8,700 full-time jobs.

We have heard representations from hon. Members about the highly skilled jobs that the wood panel industry provides in their constituencies. Many of those are located in small rural communities that depend on the industry, so it is important that the Government take seriously the concerns expressed. Careful consideration needs to be taken of the effect that renewables subsidies are having on the wood industry. The Opposition want to encourage a sustainable energy mix, with renewables playing a significant role. We recognise that biomass will play an important part in our energy future, if we are to reduce our carbon emissions and meet our renewables targets. If produced sustainably and burned efficiently, biomass emits low levels of carbon. However, WPIF and hon. Members today have expressed their concerns about the efficiency of biomass plants. Improving the efficiency of biomass plants and ensuring that we have a sustainable energy mix will be key to ensuring our energy security and meeting our carbon reduction targets.

The Minister will know that, as we are discussing this matter, the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry), and my hon. Friend the Member for Ogmore (Huw Irranca-Davies) are debating in Committee the draft Renewables Obligation (Amendment) Order 2011, which seeks to amend the sustainability criteria for biomass. The Government have considered several options, from doing nothing to several levels of new obligations in respect of sustainability. If passed, the measure will require all generators of solid biomass or gas over 50 kW to report against greenhouse gas emissions criteria and land use sustainability criteria. One notable exemption would be biomass generators wholly derived from waste. Many people and organisations have been calling for that clarity from Government.

What impact might that development have on the concerns raised by my right hon. Friend the Member for Stirling? In the 12-week consultation up to October 2010, which solicited 80 responses, were any representations made by the wood panel industry, and what was the gist of those representations? In the same order, the Minister has delayed implementing a requirement for biomass generators over 1 MW to comply with—as opposed to report against—greenhouse gas emissions and land use sustainability criteria, until closer to the intended start date for the requirement in 2013. That is to allow

[Luciana Berger]

experience from reporting against the EU criteria to be taken into account before amending the renewables obligation. Will the Minister commit to take the intervening time to consult widely again? I stress "widely", including specifically with the wood panel and associated industries to make sure their voice is heard.

As well as raising questions about how we produce our energy, today's debate has highlighted serious questions about how the Government are making their decisions. As was said by my right hon. Friend the Member for Stirling and the hon. Member for Hexham (Guy Opperman), the Department for Energy and Climate Change did not consider the effect the renewable heat incentive would have on the wood panel industry in its RHI impact assessment. I hope that the Minister will say why that was the case, especially as the Department took so long to announce the RHI and much of the work had already been done by the previous Government.

It would be helpful to learn from the Minister what meetings he has had with representatives of the wood panel industry, the work force and representatives from Unite. In addition, can he tell us what discussions, if any, DECC Ministers had with their counterparts in the Department for Business, Innovation and Skills and the Department for Environment, Food and Rural Affairs on the effect of biomass on the wood panel industry?

As most biomass energy is derived from wood, it is only renewable as long as forests are controlled locally and managed in a sensitive way. We saw just a few weeks ago how exercised the public are about protecting our forests and woodland, when the Government tried to sell off our forests to the highest bidders. Even after the Government's painful U-turn, the public still doubt whether the Government can be trusted with our forests.

The Government parties were keen to talk up their green credentials when they were in opposition, and we heard them today on aspiring to be the greenest Government ever. However, green government is about actually delivering a low-carbon future, not chasing headlines. It is about delivering low-carbon investment, not delaying on the green investment bank and dithering on feed-in tariffs. It is also about protecting our woodlands and green spaces, so that we leave the next generation a greener country than we inherited. It is slightly ironic that, in the UN international year of forests, when we are meant to be doing everything we can to protect against deforestation, the Government were considering selling them off and are still planning to sell off 40,000 hectares of public forests.

The debate has highlighted the clear need for a serious strategy to protect our forests and to do all that we can to increase them. As the report "Combating Climate Change: A Role for UK Forests", commissioned by the Forestry Commission, shows, if an extra 4% of the UK's land were planted with new woodland over the next 40 years, it could reduce our national carbon emissions by 10% by 2050.

We have already heard that Port Talbot's Prenergy plant will burn around 3 million tonnes of wood per year. There are real concerns about where the wood will be sourced from, and the effect it will have on the UK's wood stocks and the wood panel industry. Will the Minister give us details of the plans the Government have to ensure that wood for large-scale biomass will not lead to a drastic reduction in our woodland? What ongoing review and monitoring will he undertake of the sustainability criteria for timber used for biomass? What further work is he doing in the UK and with the EU on the sustainable use of biomass, to reduce the negative impacts on land use and food production, referred to by hon. Members today?

Will the Minister update us on the Government's progress in imposing a UK domestic ban on illegally sourced timber imported to the UK? Finally, will he outline what plans the Government have to ensure that we enhance our public forests, in order to help to reduce our carbon emissions?

I would continue, but the debate has raised a great number of questions for the Minister and we are all keen to hear his response.

3.27 pm

The Minister of State, Department of Energy and Climate Change (Gregory Barker): I am delighted to participate in the debate under your chairmanship, Mr Weir. I congratulate the right hon. Member for Stirling (Mrs McGuire) on securing the time. She has a commendable record for keeping the issue at the forefront of debate at Westminster. I had the opportunity to meet her and other colleagues in September for a productive meeting with the all-party group on wood panelling. I met industry representatives on numerous occasions before that, particularly while in Opposition.

A range of important issues has been raised, not only by the hon. Lady but by my hon. Friend the Member for Hexham (Guy Opperman), who is also an articulate champion, not just for his constituency but for this industry in particular. We also heard thoughtful speeches from the hon. Members for Clwyd South (Susan Elan Jones) and for Kilmarnock and Loudoun (Cathy Jamieson). I have anticipated in my remarks many points made in the debate and I will seek to address those questions raised as best as I can in the time that I have at the end.

I appreciate that very serious issues have been raised, and if I am not able to cover all of them in this time, I will be happy to follow up with more detailed answers. I can assure all hon. Members that I understand their concerns about the wood panel industry. The coalition Government value the significant investment made in the UK wood panel industry, and we certainly acknowledge the important benefits it delivers, including the real carbon benefits of locking carbon into new buildings. It also provides the benefit of offering jobs—skilled, sustainable jobs—right across the UK, often in rural areas where there is no alternative employment. I think it is not unfair to say that there has been an attitude of complacency in the past, and that the voice of this industry has not always been effectively heard. I am determined to listen.

The right hon. Member for Stirling raised the question at the outset of why the RHI impact assessment did not include the impact on the wood panelling industry. I would like to say, up front, that that is a very good point and I do not have a proper answer for her. She is right to raise it and I will pursue that issue as soon as I get back to the Department. I invite her to meet me so that we can go through the data. I can tell her, and the hon. Member for Liverpool, Wavertree (Luciana Berger), who also raised this matter, that in respect of the

renewables obligation consultation there was a significant contribution from the wood panel industry, which set out its concerns along the lines that have been highlighted today. We are now working on guidance about what will be considered as waste and excluded from sustainability criteria. I will say more about that in the course of my remarks.

Mrs McGuire: I welcome the Minister's frankness in admitting that there may have been an omission in terms of the impact assessment. I would be delighted, and I am sure that I speak on behalf of my colleagues, to meet him to see whether we can rebalance that impact assessment in a way that recognises the importance of the issue to the industry.

Gregory Barker: I look forward to meeting the right hon. Lady and going through those issues in more detail. Before I go into more substantive points about UK policy, may I also just echo the remarks made by the hon. Member for Liverpool, Wavertree and go on record to say that the UK welcomes 2011 as the international year of forests? This is an excellent opportunity to raise public awareness of the importance of forests—although I think that the coalition Government have done quite a good job of doing that already—and in tackling climate change, halting biodiversity loss and preserving the livelihoods of forest-dwelling peoples.

Forests have a dual role in helping us to reduce greenhouse gas emissions and to tackle climate change. First, forests act as carbon sinks, removing carbon dioxide through photosynthesis and storing it in plant and soil matter, but forests also contribute by providing wood for energy and renewable materials for construction and manufacturing, and reducing the use of fossil materials. However, deforestation is a very real risk that must be addressed. If the world's growing demand for bio-energy and renewable materials were to lead to the clearing of forests, particularly primary forests, that would increase total global emissions dangerously and drive forward, rather than tackle, dangerous man-made climate change.

The coalition Government are committed to tackling the drivers of deforestation, in particular the global trade in illegal timber—an issue raised by the hon. Member for Liverpool, Wavertree. The international year of forests provides a useful platform to highlight our recent achievements in that area, particularly in terms of EU timber regulation. That regulation prohibits the first placing of illegal timber on the EU market, and will send a clear message to producer countries that illegal timber has no place in the UK market. That complements our wider efforts to improve forest governance in developing countries through the EU forest law enforcement, governance and trade action plan.

The international year of forests is also an excellent opportunity to promote the importance of sustainable forest management in building a greener, more equitable and sustainable future. To complement our work on tackling deforestation, the UK is working with the International Union for Conservation of Nature and other international partners to promote the role of forests in restoring degraded landscapes. The Forestry Commission is using its programme of educational, community and recreational events throughout 2011 to highlight the international year of forests. I am sure that those activities are going on in many of the constituencies of hon. Members who are present.

The hon. Member for Liverpool, Wavertree raised the issue of our clear ambition to be the greenest Government ever, which goes right to the heart of the coalition's programme for Government. My right hon. Friend the Prime Minister has spelled that out on numerous occasions, but our ambitions go much further than our work to stop deforestation, critical though that is to us. We want to be a global leader in the world-wide transition to a low-carbon economy. We are committed to producing 15% of the UK's energy from renewable sources by 2020, and to reducing our carbon emissions by 80% by 2050. Renewable energy, and bio-energy in particular, must play a very important role as we decarbonise our economy and seize opportunities to create new businesses, employment and long-term green prosperity in the UK.

Heat and electricity from biomass could provide nearly a third of UK needs from renewables by 2020, meeting approximately 4.5% of our overall energy demand. Bio-energy offers the rare benefit, for a renewable technology, of not being intermittent. It can generate electricity or heat on demand at any time of the day or night. The UK needs the flexibility and security that that supply brings. Moreover, bio-energy can provide significant new business and employment opportunities to the UK. For example, the expansion of biomass use in off-gas-grid areas of the UK will mean a growing order book for specialist boiler manufacturers, demand for new local businesses to provide installation and maintenance, and will create opportunities across the wood fuel supply production and distribution chain. Just last week, we set out a portfolio of major policies that will help us achieve that. Bio-energy will make a significant contribution to our decarbonisation plans, but that must not be at the expense of other jobs. I am very aware of unintended or perverse consequences and hon. Members present are perfectly entitled to raise those issues. We will work harder to look at the consequences for the wood panel industry. Many powerful arguments were made today, not least how it is better to lock up carbon rather than to burn it, and I am mindful of that.

Mrs McGuire: While welcoming future discussion and recognising that issues have been raised, is the Minister in a position to say to us today that he thinks there may be some flexibility in the way in which the RHI is being implemented to the current detriment to the wood panel industry? While discussions with the Minister are wonderful, I would like to push him that wee bit further to see what commitment he can give to us today.

Gregory Barker: I will develop my theme in my speech, but I think that there is a genuine point of disagreement in our approaches. I agree with the right hon. Lady; there is absolutely no excuse for not publishing the account that we take of the impact on the wood panel industry in the impact assessment, and we will address that. I am sure that there are ways that we can improve measures to mitigate the impact on the wood panel industry, and we are keen to see more wood used in houses. However, the difference between us may lie in the fact that, fundamentally, we believe that the market will respond with more supply, both domestically and globally. This is an immature market—this is a theme that I wish to develop—and the biomass industry in the

[Gregory Barker]

UK has fallen to a very low level. Historically, we powered the country on biomass. I represent a constituency in East Sussex, the most wooded county in England. I know, just from my own experience, that the vast majority of woodland in that county has fallen into a state of disrepair and is not actively managed. There is significant scope to bring in new supply, both globally and in the UK, and I will come to that in more detail if I may.

Guy Opperman: Does the Minister not see that there is a real risk of the law of unintended consequences? If he does not address the problem of subsidised biomass and its effect, then the impact on the wood panel business will be significant and severe, and until he says something on that issue, we will struggle.

Gregory Barker: Let me make a little progress with my speech. I am getting slightly ahead of myself, and I will address those issues in the course of my remarks.

On Thursday, as hon. Members have said, we launched the world's first incentive for renewable heat. That was an important step forward for an Administration who claim they want to be the greenest Government ever, and a genuine, tangible sign of walking the walk as well as talking the talk, of putting investment—money—where our mouth is.

The scheme will provide long-term support for renewable heat technologies, from ground-source heat pumps to wood-chip boilers. It will help drive a sevenfold increase in renewable heat over the coming decade, which will help shift what currently is a fringe option firmly into the mainstream. We expect the RHI to deliver an additional 57 TWh of renewable heat, bringing the total to 68 TWh by 2020 and saving 44 million tonnes of carbon by that year. It is part of a bigger picture, in that we expect 500,000 jobs to be created by the end of the decade in the renewables industry across heat, electricity and transport. The RHI alone could potentially stimulate billions of pounds of new capital investment.

We are reviewing the incentives for renewable electricity under the renewables obligation. The RO banding review will ensure that the level of support for biomass electricity reflects industry costs. It will also reflect the UK Government's ambition for large-scale bio-electricity, which is being considered through an evidence-based review of biomass resources and their use, to be published in 2011. Analysis of the best use of biomass will form an integral part of that work. I would certainly welcome further contributions to it from hon. Members and the interests that they represent, because it needs to be evidence-based, and we are genuinely open-minded about it.

As I have just mentioned the RHI, I would like to take the opportunity to address the question of why we have decided that only renewable heat installations installed after 15 July 2009 will be rewarded. The RHI is a mechanism designed deliberately to bring forward sufficient new renewable heat to meet our renewables targets. The design was begun by the previous Government—I have to give them credit—and is not something that we dreamed up. It is not intended to be a retrospective reward mechanism for early adopters or existing users of renewable technologies. The justification for it was to pull in renewable heat technologies and renewable heat users that otherwise would not have moved in this direction.

Moreover, in the context of the current economic climate and the huge deficit that we inherited from the previous Government, it is vital that we maximise the value for money delivered by public expenditure. Existing renewable heat generators have already invested in the new technology without needing or expecting the support of a financial incentive, so while I can see why they could make a case for it, I am afraid that we would not consider extending the RHI to include installations prior to July 2009, as that would not be a prudent use of taxpayers' money.

Susan Elan Jones: If plants ripped out existing equipment to access the subsidy, presumably they would be eligible. Of course, that is not the sort of thing that responsible plants would do, but it demonstrates the inequity of what the Minister is saying.

Gregory Barker: If it were simply a dodge to try to get around the regulations, they would have great difficulty in proving their case. If they were to upgrade their plant or adopt new technologies in a new installation, that would be a different proposition.

We recognise that mainstreaming bio-energy is not without risk—hon. Members have done a good job of outlining the risks. We acknowledge the critical importance of taking action to ensure that rapid growth in bio-energy does not result in loss of important habitat either at home or internationally, or the release of more carbon than we actually save. Hon. Members raised concerns about that. Biomass can be a low-carbon energy source, as the hon. Member for Liverpool, Wavertree said, but that requires it to be grown, harvested, processed and transported sustainably.

We are introducing mandatory sustainability criteria to ensure that the biomass power generation supported by the renewables obligation is genuinely sustainable. From April, generators will be required to report to Ofgem on their performance against a target of 60% greenhouse gas emissions savings compared with fossil fuel use, and on land criteria. Following a transition phase, we intend to make those criteria mandatory from 2013 for all generators of 1 MW capacity and above. We expect that similar standards—again, mandatory sustainability criteria—will be introduced for biomass used for heat under the renewable heat incentive from 2013.

Sustainable forest management is a critical part of biomass sustainability. Therefore, the Government are actively working with stakeholders to develop an approach that will robustly protect not just UK forests but global forests, and enable UK woodlands to come under active management, with the many benefits that that will bring not just to those who use the products but also in terms of biodiversity and recreational benefits for the communities that live around them.

Mrs McGuire: I do not believe that any of us who are participating in this debate have any problems with some of the good things that the Minister has identified, but I would like to draw him back to the fundamental questions posed by the debate. The first is the impact when wood that could be utilised for other purposes is

burned in biomass-powered generators, and the second—this was my final question—was about jobs, which the Minister mentioned. Is he willing to recognise that there will be collateral damage to an important rural industry which links into all the forestry management that he has spoken about, in order to get the other elements of his policy through? I do not believe that any of us have any problems with some of the good things that he is talking about, but we need to draw him back to the crucial question and the nub of the debate.

Gregory Barker: Let us be absolutely clear: the coalition values the jobs in the wood panelling industry, as we value all jobs. It is certainly not our aim—unintended or otherwise—to see those jobs disappear. That neatly brings me on to my next point, which is about the impact of other wood-using industries on wood prices and trends, and competition for a limited resource.

We recognise that the increased use of wood for energy risks negative impacts on other potential users of wood. We understand that the wood panel industry is facing more competition for their raw materials. We also want more wood to be used in the construction of homes. Our analysis shows that the deliveries to wood fuel markets are increasing from a very low base. In 2005, just 100,000 green tonnes of softwood were delivered to fuel markets, accounting for just 1.2% of total softwood deliveries. In 2009, that had increased to only 600,000 green tonnes, less than 7.5% of total softwood deliveries.

In real terms—perhaps this is the most telling point—the price of softwood saw-logs increased by 14% over the five-year period ending in September 2010. I have not done the arithmetic, but I would have thought that the rise was below inflation over that period. I apologise that I do not have more recent statistics. Obviously, this is a dynamic model, and we will continue to inform Members. I do not think anyone could argue that that represents significant inflation in costs. If there were a problem of the magnitude hon. Members have described, it would be reflected in the price, but, clearly, we have not seen that to date. However, I accept that that is clearly something that we will have to watch.

Guy Opperman: Surely it is unarguable that prices have risen, and it is surely without doubt that the opportunities to proceed on the basis that the Minister is talking about, although entirely laudable, as we all accept, are limited by the amount of wood in this country that can be produced and sold on.

I have one final point, but I will be brief—

Gregory Barker: I will not have time to finish.

Guy Opperman: The Minister has plenty of time. What is his expectation of how much wood will be sold?

Gregory Barker: I do not agree with my hon. Friend. Yes, there has been a rise in wood prices, but my maths tells me—I am happy to be corrected if I am wrong—that it is below the inflation rate. Wood is a commodity like everything else, but a 14% rise over five years is not alone a cause for concern. Over 20 years, the real-terms price of softwood saw-logs has fallen by almost 46%. The lowest value was reached in March 2009, so the pricing indicators do not support his argument.

Price have recovered slightly since March 2009, but the bottom line is that even if prices increase—I anticipate that they will—we are starting from a very low base. In real terms, they are substantially lower now than 20 years ago.

Mrs McGuire: I hope that I highlighted some of the information that DECC has on forward supply of and demand for wood. It is unhelpful to be historic about that when all the analyses show that the demand for wood will outstrip supply.

Another element is that one part of the market—the demand side—is being subsidised when other elements of the market are not. I know that the Minister is a great believer in competition, but surely the Government are putting the wood panel industry in an unfair position when its competitors are being subsidised for the same products.

Gregory Barker: It must be remembered that timber prices are set by global markets, not solely by national Government energy incentives. According to some sources, international energy markets are already influencing timber prices. There was a forecasted 10% drop in log prices for 2010, but instead they were higher than in 2008, which was probably due to increased demand for wood fuel. I assure the hon. Lady that we are looking at that carefully. In addition, we are very aware that wood fuel is increasingly traded as a global commodity, so UK wood supplies can and will be exported for energy use in other countries if that will deliver a better price, and we may import timber from abroad. Nevertheless, as I stated in my introduction, the value of the wood panel industry in terms of green jobs and the carbon stored in its product is significant, and we are mindful of that. That is why the Government are taking action to reduce those displacement issues.

Our actions fall into three main areas: increasing the use of biomass feedstocks that the wood panel industry has no use for; bringing more wood supplies forward; and diverting more waste from UK landfill. To increase the use of other biomass—for example, food waste and anaerobic digestion—it is important to look beyond just wood when sourcing biomass. Biomass suitable for energy generation may come from a wide range of plant and animal materials, many of which are unsuitable as raw materials for our wood processing industries. They include perennial energy crops, such as Miscanthus grass and short-rotation coppiced willow, which can be grown on lower grade land. Similarly, dry farming residues, such as straw, can be combusted for energy.

The Government support perennial energy crops, so long as they do not displace food crops. The renewables obligation provides additional support for energy crops over other biomass feedstocks. That uplift of half a renewable obligation certificate aims to stimulate interest in energy crops grown by the power generation sector, and to help to develop the fuel supply chain.

Support is also provided directly to farmers through the energy crops scheme, which is part of DEFRA's rural development programme for England. The ECS seeks to remove one of the most significant barriers for prospective energy crop growers—the high initial cost of establishing new plantations. The ECS provides grants that reimburse 50% of planting costs.

[Gregory Barker]

Another important area is the use of wet biomass residues, such as food waste, sewage and animal manure, that can be anaerobically digested to produce biogas, which can then be used to produce heat and electricity. The UK produces about 100 million tonnes of wet organic material that is suitable for treatment by AD. That includes up to 20 million tonnes of food waste from households and industry; 90 million tonnes of agriculture by-products, such as manure and slurry; and 1.7 million tonnes of sewage sludge. By diverting those wet organic wastes into energy, we can stop slurry surface water run-off polluting our rivers, reduce pressure on landfill sites, and avoid methane emissions, which are 23 times worse than those of CO_2. The Government are working with the industry to draw up a joint programme to tackle the barriers to the deployment of AD. That will be published in May 2011. We are also looking at the feed-in tariff scheme to see whether the tariff rates are enough to make farm-based AD worthwhile.

What about bringing more wood supplies forward? A further key way to reduce the impact on the UK wood processing industries is to bring new supplies of wood to the UK marketplace. There is a large underused bio-energy resource in the UK. Around 40% of the UK's forest and woodlands, measured by land area, are not currently under an active management plan, as the hon. Member for Brecon and Radnorshire (Roger Williams) said. When woodland becomes overly mature, leaf cover prevents sunlight from reaching the forest floor, and the biodiversity is poor. Sustainable management would allow a wider range of shrubs, birds, trees and bees to thrive, and at the same time bring more UK timber and wood supplies to the market, and generate new business, jobs and opportunities.

The Forestry Commission is developing a wood fuel implementation plan, to be launched later this year. It will set out actions to bring forward an additional 2 million green tonnes of wood from unmanaged forests and other sources by 2020. The commission is also developing a wood fuel woodland improvement grant to assist harvesting and marketing activity. Key features of the new grant are that the wood fuel WIG will offer a 60% contribution to costs, and can support forest roads, access tracks and other related harvesting infrastructure. Further details will be published later this year.

Alongside the development of UK woodlands, developing the biomass import market and securing a healthy share of that for the UK will be essential. We have estimated that a global market of up to 50 million oven-dried tonnes annually will be available to the UK by 2020. I recognise that the wood panel industry is rightly proud of the use it makes of the UK's waste wood. It is estimated that around 4.5 million tonnes of wood waste are generated in the UK every year, of which more than 1 million tonnes, mainly from packaging waste and wooden pallets, are recycled by the panel-manufacturing industry. But we estimate that a considerable quantity is still going to UK landfill.

Wood in landfill is particularly dangerous because it decays and generates methane, so the Government are actively considering how best to make further reductions in the amount of waste going to landfill as part of the review of waste policies, which is due to conclude in the spring. It will look at all aspects of waste policy and delivery in England, including the role of energy from waste. The aim is to ensure that we are on the right path towards a zero waste economy.

In particular, we want to address the priority of moving wood up the waste hierarchy so that it best delivers the right environmental outcome. The waste hierarchy will be legally binding in the UK, so we will seek better to address the potential for diverting treated wood waste, which is not suitable for use in the wood processing industries, from landfill to energy recovery.

In conclusion, the wood panel industry has an important and valuable role to play in the UK's low carbon economy. I have set out today the proactive actions that we are taking to bring new biomass to the UK market, and to ensure that we have the supply to meet demand. We are increasing the use of biomass, other than clean wood, for energy; we are bringing forward more wood supplies; and we are diverting more waste from landfill. But we are open to new ideas. I do not pretend that we have the perfect solution yet, and DECC would very much welcome continuing engagement with the wood panel industry.

I thank all hon. Members who have participated in an important and valuable debate. The agenda will certainly continue beyond today.

Health Care (West Cumbria)

4 pm

Mr Jamie Reed (Copeland) (Lab): I am pleased to have secured this debate because few things, if anything, are more important to my constituents and the wider population of west Cumbria than the future of the NHS and local health care services.

4.1 pm

Sitting suspended for Divisions in the House.

4.21 pm

On resuming—

Mr Reed: Before continuing, I ought to declare some interests. I shall be talking about the West Cumberland hospital today. Not only was I born there, but so was my wife and our four children; my nieces and nephews were all born there; and about a year ago it saved my life.

At best, the future provision of health care services in west Cumbria—indeed, in Cumbria in its entirety—is confused. Given the majority of representations that I have received, from ordinary people and medical professionals, at worst it is in crisis. Before the election, and immediately after it, the development of health care services in Cumbria was praised by the Secretary of State for Health and those sympathetic to his views as a model for the rest of the country. I shall return to this aspect in due course, but suffice it to say that the Secretary of State has stopped using Cumbria as an example of best practice; surely even he realises the chaos that is being caused there by the top-down, unwanted and unwarranted reorganisation of the NHS that he is inflicting on us.

First I shall give a brief history. In 2007-08, NHS Cumbria, the primary care trust for the area, undertook a huge public consultation under the closer to home initiative. It was an enormous task; 140,000 people contributed to the consultation, a huge proportion for any consultation, let alone for a county with a total population of just under half a million. It identified the need to redevelop the West Cumberland hospital and to integrate and improve primary care services as part of the closer to home deal.

During a period of record and sustained funding for the NHS, the public reluctantly agreed to a reduction in the number of beds at the West Cumberland hospital. I have no doubt that the Minister will say that beds do not equal services, and I accept that from the outset. Negotiations with the public were incredibly difficult, but the change was accepted with two provisos. First, the reduction in the number of beds would result in more complex surgery and tertiary-level care coming back to Cumbria from the north-east, taking place at the Cumberland infirmary in Carlisle; that would reduce travelling times for people in my constituency and west Cumbria and help with family concerns for those requiring tertiary-level services.

Secondly, the reduction would effectively result in the building of a new hospital on the site of the West Cumberland hospital. The hospital would retain its acute status, its consultant-led maternity, paediatric and anaesthesiology services, develop specialisms not available at Carlisle, and develop its teaching function. Crucially, it would be surrounded by a network of refurbished or even entirely rebuilt community hospitals in Millom, Keswick, Cockermouth and Maryport, with a brand-new health centre in Cleator Moor; together, they would be able to deal with an increased level of primary-care needs, to allocate resources better, to sign-post acute care when necessary and, importantly, to provide care closer to home.

After real difficulties, hospital consultants from both hospitals in north Cumbria—the West Cumberland hospital in Whitehaven and the Cumberland infirmary in Carlisle—began to forge an effective working relationship with local GPs. I brokered many of their meetings, chaired them and tried to help navigate a route towards an integrated provision of local health services in west Cumbria—one that was outcomes driven in the best interests of patients and that would underpin the future professional and economic stability, viability and sustainability of the local NHS. I believe that it was achieved, albeit imperfectly.

Collectively, the local community and primary and acute medical practitioners were developing a model that would best fit Cumbria. I am delighted to see my hon. Friend the Member for Workington (Tony Cunningham); he had a huge part to play in those developments. So advanced was the relationship, and so strong was the plan, that we were able to insist that a publicly funded, privately operated clinical assessment and treatment centre was not introduced in the area. We knew that it would destabilise the local NHS. My right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson), then Secretary of State for Health, listened and did as we asked. It seems that times have changed—and significantly for the worse.

A funding package was developed for west Cumbria, through the west Cumbria strategic forum, and the principle of "west Cumbria proofing" was consistently implemented by the previous Government. That funding was meant to provide £100 million for the West Cumberland hospital and up to £80 million for the community health facilities that I mentioned earlier. Do the Government and the Department of Health remain committed to "west Cumbria proofing", and the memorandum of agreement that underpinned it?

After the election, these moneys were arbitrarily withdrawn, despite the fact that demolition had already begun on the site of the West Cumberland hospital. The events in my constituency on 2 June 2010 caused me to ask the Prime Minister to visit the hospital and to see for himself the extraordinary clinical work being undertaken by the accident and emergency team in the face of quite unprecedented events. I also used the opportunity to lobby for the money that had been taken from us. Eventually, the Department of Health returned £70 million to the project.

John Stevenson (Carlisle) (Con): Finance is obviously an important part of health care in north Cumbria. Does the hon. Gentleman agree that the PFI scheme has been a burden to the area?

Mr Reed: I would like to examine our PFI scheme forensically and try to discover why other PFI schemes around the country work so well. What is it about the Carlisle scheme that causes such difficulties for the

[Mr Reed]

health economy of our area? However, the burdens that it imposes pale in comparison with the GP fundholding system that we face.

The North Cumbria University Hospitals NHS Trust remains committed to its £20 million investment. However, the abolition of the north-west regional development agency and the instruction from Downing street that incomplete projects were to have RDA funding withdrawn has led to a £10 million shortfall in the new-build budget. Will the Minister please reinstate that missing £10 million? If not, will she and her Department help me to identify money to cover that shortfall from other sources—even, perhaps, not from the Department of Health? Can she help expedite the detailed business case approval for the West Cumberland hospital?

Already £10 million down, the trust and NHS Cumbria have also been instructed to make 4% annual recurring cuts. That would be an incredibly difficult situation for the west Cumbrian health economy at any time, but we have not yet approached the real horror that threatens to hole it below the waterline.

At Prime Minister's Question Time today, the Prime Minister made a Freudian slip when referring to GP fundholding. The Department of Health prefers to call it GP commissioning, but GP fundholding is the practice that brought hospitals to their knees and that almost bankrupted the NHS in the 1980s and 1990s. That is precisely what GP commissioning is. There is all the difference between GPs commissioning and designing services in an integrated way with their hospital colleagues, and GPs being forced to hold the purse strings for the provision of each hospital service upon which their patients rely.

Will the Minister tell us what limit, if any, will be placed on GPs' remuneration under the new system? Does she have any fears relating to soaring salaries and the fact that the bond of trust between patient and doctor could become severed as a result? Does she have any concerns with regard to the imbalance now between GPs and their acute colleagues and does she think that that will affect future recruitment and the provision of services within the NHS?

With GP fundholding effectively in place in Cumbria—in shadow form—we are witnessing a massive cut to the North Cumbria University Hospitals NHS Trust and to the West Cumberland hospital. Last year, the hospitals trust provided acute hospital services worth some £183 million across its sites. Under GP fundholding, that is being reduced, in the space of one year, to £153 million, which is bound to affect the provision of acute hospital services at the West Cumberland hospital. Does the Minister agree that such a financial hit cannot be absorbed without affecting front-line services?

The shortfall has plunged the trust into chaos. It is now unable, not unreasonably, to meet the foundation trust status qualifying criteria deadline of 2013-14 and that has caused it to seek a merger with another trust or any other willing provider. I hope that the Minister will be able to tell us categorically what the Department means by "any other willing provider". Minutes from meetings of senior consultants across the North Cumbria University Hospitals NHS Trust, which have been leaked to me, show that those consultants fear that this could result in the closure of the West Cumberland hospital. That would be—as the cuts are—the direct consequence of centrally imposed, top-down Government policy in the NHS.

Will the Minister guarantee that she will not let that happen and that the current level of services will only be added to and not taken away from? Will she agree to arrange a meeting between the Secretary of State, concerned local clinicians and me to hear the case in detail? Will she also grant the trust extra time to meet the foundation trust qualifying deadline so that a merger can be avoided? A merger of trusts is not in the interests of the trust itself or any other trust being asked to take it on. If not, will she guarantee that no other trust or willing service provider will reduce the services provided by the West Cumberland hospital? In short, will she commit today to ensure the delivery of the closer to home programme, which my constituents and those of my hon. Friend the Member for Workington have been consulted on and reached agreement on?

What of our local community hospitals and planned health centre? Will the Minister guarantee that the money for those facilities will be provided by Government, or financially facilitated, very soon, so that these long promised and keenly anticipated investments can take place? What is the status of the programme to rebuild and replace our community hospitals in west Cumbria and provide a new health centre in Cleator Moor? Does the Minister agree that the closer to home initiative will collapse if these facilities are not forthcoming and that a deal will then have been reneged upon? Were that to happen, the sense of betrayal would be profound and the consequences significant.

The West Cumberland hospital was the first new hospital in this country to be built by the NHS after its creation. Right now, it risks becoming the first casualty of what many see as the stealth privatisation of the NHS by a right-wing Government implementing centrally driven health policies that command no democratic mandate or clinical support. As I speak, Bevan will be turning in his grave. I am asking for help, compromise and understanding of the problems facing the future of health service provision in west Cumbria. There is still time to put that right and I hope that the Minister and the Government will see sense.

4.33 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): It is a pleasure to serve under your chairmanship for the first time, Mr Weir. I congratulate the hon. Member for Copeland (Mr Reed) on securing this debate. My goodness, it is quite a thing that he, his wife and his four children were all born in the West Cumberland hospital. The hospital also saved his life. Despite our political differences, I am sure that he will join me in saying that whenever we debate the NHS, we always pay tribute to the staff who work in it at every level. We tend to talk about doctors and nurses, but there are many members of staff who ensure the safe delivery of children and who save lives. I am sure that the hon. Gentleman would like to associate himself with those comments.

The hon. Gentleman has been actively involved in campaigning for the redevelopment of West Cumberland hospital, and he is also a strong supporter of community hospitals. He spoke with some passion about his role and his long history in that regard.

Tony Cunningham (Workington) (Lab): The Minister mentioned community hospitals. There is one in my constituency at Cockermouth, and for a considerable period the authorities have been promising to rebuild it. After the terrible flooding in 2009, parts of the hospital are in portakabins. We are desperate for the new hospital. The funding and the planning permission are in place, yet we are still waiting for a decision. Will the Minister please look into that situation—she does not have to do it now—because the people of Cockermouth are desperate to get their new hospital?

Anne Milton: I thank the hon. Gentleman for his remarks. It is frustrating for local people when they are waiting for decisions to be made. General elections come along, disrupt things and, sadly, slow down the process even more. I can understand his constituents' frustration. Later in my remarks, I will address how we can move forward.

The hon. Member for Copeland was right to make the point that local NHS organisations are precious not just for the services that they provide, but for the employment and economic support that they bring to the area. I note, in particular, his work with the west Cumbria strategic forum and the development of the energy coast master plan for west Cumbria. The development of local NHS services plays an important role in that.

The hon. Gentleman will also know that in west Cumbria, as in other parts of the country, the NHS is under tremendous financial pressure. Indeed, he alluded to that. We are where we are; we have inherited a substantial deficit. Both parties acknowledge the fact that we face some serious economic challenges, and we are determined to find £20 billion in efficiency savings so that we can then reinvest in quality care, and the need to do that is real and urgent. Such pressures would have existed whoever was in government. The fact that we have protected NHS budgets is an important step in ensuring that the challenges facing the NHS are slightly less than those facing other areas. None the less, the upshot is that every NHS trust in the country will have to make tough choices to put health care on a sustainable footing, and that is what is happening in west Cumbria.

I understand that the North Cumbria University Hospitals NHS Trust has struggled financially for a number of years. Clearly, there are some unresolved issues that people are now keen to sort out. Like the country as a whole, the trust is on a journey to restore balance to its finances, and we need to consider how we get better value for money. When I visit hospitals and trusts, it is interesting to see how substantial amounts of money have been taken out of costs by small changes in the way services are delivered. Although this is a challenge, it is also an opportunity, and I am impressed with the innovation that people are demonstrating.

As the hon. Gentleman is aware, the trust concluded in February 2011 that it would not be in a financially viable position for achieving independent foundation trust status by the 2014 deadline. It has made the difficult choice to pursue an arrangement with an existing foundation trust, through merger or acquisition, to ensure its ability to deliver high quality services in the future. The trust reached that decision for a number of reasons, including reduced contract income as more health care is provided outside acute settings, historical debts, costs associated with the private finance initiative scheme, to which the hon. Gentleman alluded, and ongoing requirements to meet cost saving targets.

Having trained as a nurse and worked in the NHS for 25 years, including as a district nurse, I am acutely aware that although our focus is always on acute care the majority of health care is delivered outside acute settings. It is the tension and the co-operation between those two elements of health care that we must now finally get right. The trust must address the issues that I have just mentioned. In particular, it must identify and agree an affordable clinical model that will deliver sustainable high-quality services. It is no good going for short-term gains. We need the process to be sustainable and lasting.

The hon. Gentleman will know that, back in 2007, the NHS in Cumbria set out its plan to reduce unnecessary hospital admissions by looking after people closer to their homes, which is where they want to be. The closer to home programme supported the development of community-based services and the redevelopment of acute facilities to meet local needs. In support of that programme in Cumbria, there is the redevelopment of West Cumberland hospital, which will deliver acute services with support from a wider range of community services.

Following recommendations by the national clinical advisory team last year, I understand that the north Cumbria health economy is now working to develop an affordable clinical strategy, covering primary, secondary and acute hospital services. I understand that the strategy will be published this summer. I suspect that it cannot come soon enough for the hon. Gentleman and many others in the area. In many ways, the strategy will build on the closer to home programme by considering how local health care services can be delivered more affordably, while keeping service quality at the very highest level, which is critical. As part of that process, it is true that the review group is looking at what will happen to acute services at West Cumberland hospital.

During his tour of hospitals in Cumbria last year, my right hon. Friend the Secretary of State for Health acknowledged the importance of West Cumberland hospital to the local people. That view is shared by all of us and it is being taken into account by the Department of Health, the North West strategic health authority and the NHS in Cumbria, which is working on the full business case for the redevelopment of the hospital. That business case will need to reflect the clinical strategy. It is very important that these decisions are driven by clinical need and that they meet the needs of local people.

Mr Reed: The Minister talked about the trust's unique responsibilities. Of course, one of the unique responsibilities that the trust must address is the unique service that west Cumbria provides to this country in the form of the nuclear industry, and the unique challenges that the industry poses for the trust. It is in the interests not only of my constituents but of the whole country that the issue is addressed, and it must be done on a cross-party basis. Would the hon. Lady care to say something about that?

Anne Milton: Yes. I thank the hon. Gentleman for that intervention. He is absolutely right to tie up the facts. As politicians, we tend to use the word "sustainable"

[Anne Milton]

in a rather flippant way, but what he has just said is what "sustainability" should be about. It should take account of the changing needs of the area; we should be building services not for the next five years but for the next 10, 20 or 30 years.

Tension between acute services and community services has always existed, as has tension between acute services and specialist services. If I think back to my own time in the NHS 30 or 40 years ago—I am very old and it was a long time ago—I recall that regional centres for neurosurgery were being developed. Specialist services need to be provided in specialist centres. Local people want to know that they can go to their local hospital for the majority of things that are wrong with them. That is important. There needs to be a clinical driver in the process, to ensure that people get the quality of care that they need. However, one also needs to take account of people's wants and desires, and they want care on their doorstep.

The hon. Gentleman raised a number of issues. I recommend that he attends the debate that is happening elsewhere in the House today if he wants a fuller discussion of NHS services. He wanted a number of guarantees from me, so he wanted a number of guarantees from the centre and yet in the same breath he talked about "top-down" and "centrally imposed" diktats. Again, that is one of the key issues, because the centre is never very good at making local decisions. What matters locally is that changes and discussions have the support of clinicians, and ideally are led by clinicians. Those changes and discussions must also have the confidence of local people. That confidence is possibly what has suffered in the past.

The hon. Gentleman talked a little about GP commissioning, GP fundholding and "any other willing provider". He asked what "any other willing provider" means. I suggest that he goes back to his own party to ask that question, because using "any other willing provider" was at one point its policy. I feel very strongly that the reforms in the NHS will bring decisions about commissioning and getting care right for people absolutely where they should be: with the GPs who know and understand their local communities. It is extremely important that GPs' inputs and commissioning skills are used to the fullest.

I am told that the national clinical advisory team is reviewing the draft strategy and that a final version will be put to the strategic health authority in the months ahead. In addition, the full business case for West Cumberland hospital, together with the business cases for development of community services, will need to be considered alongside the final clinical strategy. I know that the delay is frustrating, but it is absolutely vital if the decisions are to be made. I or my ministerial colleagues will be very happy to have a meeting with the hon. Member for Copeland. In fact, it might be useful if a meeting was set up with a number of MPs from the area, to thrash out some of the more difficult issues when we have slightly more time to do so.

The process must be clinically led and choices must be made on clinical grounds. The primary care trust must also be satisfied that proposals are properly costed and can deliver sustainable solutions and a sustainable model of care for Cumbria. However, I emphasise that no final decisions have yet been made.

This is an important period in the story of the NHS. An ageing population, rising demand and increasing costs are combining to make it a uniquely challenging time. It is always challenging to deliver health care, with rising expectations and rising demands. That means that all parts of the country must look critically at how they can make the best use of resources to deliver effective health care, in whatever setting it can be most effectively delivered. It also means more care being provided in the home and in the community. I think most people see that development as a positive step, and there must be support for it. The difficulty is that realising cost savings ultimately means changing hospital services as demand changes. However, the NHS actually has a good history and a good record on evolving and changing to meet changes in demand and patient choice.

Tony Cunningham: I quite agree with the Minister, and we understand why there need to be more services in the community. However, the point that I was trying to make in my earlier intervention is that we are desperately in need of a new community hospital in Cockermouth. If we are to have acute services at the West Cumberland hospital, we need up-to-date modern community hospitals that can do the sort of work that she is talking about. Will she at least undertake to look personally into why there is such a delay in the development of the community hospital in Cockermouth?

Anne Milton: Yes. I thank the hon. Gentleman for that intervention and I understand completely his passion on the subject. It is terribly frustrating to wait for something and I will ensure that we come back to him specifically on that point, because the hospital has been delayed for too long.

Tony Cunningham: I thank the Minister.

Anne Milton: Our ministerial doors are open, so I urge Members to set up a meeting to thrash out some of the issues that we have discussed today. Obviously, no final decisions have been made yet and we are waiting for reviews to be completed, so that all the relevant information is on the table. However, it is terribly important that local politicians feel confidence in the process, which must always be led by clinical needs, and feel that they can bring the public with them.

It is not an easy time in west Cumbria. Change is not easy and we are in a difficult financial climate. However, change requires proper scrutiny and this debate has been an opportunity for some of that scrutiny. As I have said, change also requires public engagement. I hope—indeed, I am sure—that the hon. Member for Copeland and his colleagues in the area will play their part in making change happen and ensuring that there is public engagement with it.

School Crossing Patrols (Dorset)

4.49 pm

Annette Brooke (Mid Dorset and North Poole) (LD): It is a pleasure to serve under your chairmanship, Mr Weir. I am very pleased to have secured this debate, because parents across Dorset are deeply concerned about the county council's proposals. It is true to say that my hon. Friend the Member for South Dorset (Richard Drax) and I will be speaking today on behalf of thousands of parents.

I understand that 2011-2020 is the United Nations decade of action for road safety, and that in Great Britain pedestrian injury is the leading cause of accidental death among children. Each year, 5,000 children under 16 are seriously injured or die on Britain's roads. The incident rate for children peaks between 8 am and 9 am, when they are travelling to school, and again at 3 pm when they are on their way home. Incidents on school journeys account for 14.6% of all five and six-year-old casualties, 21% of all eight to 11-year-old casualties and 23.9% of all 12 to 15-year-old casualties. Although the United Kingdom has the second lowest road death rate in the EU, its child pedestrian death rate is worse than in 10 other EU countries, and eight times higher than in Sweden.

Research by Royal Holloway, university of London shows that children are unable to accurately judge the speed of vehicles travelling at more than 20 miles per hour. The study found that children aged six to 11 suffered from speed illusion, which means that they cannot make a reliable guess at a car's speed if it is going at more than 20 miles per hour, unlike adults, who accurately judge speeds of up to 50 miles per hour. Since 2003, death and injury rates have fallen every year, but road safety groups fear that that trend could end if school crossing patrols were axed.

The Minister will be aware that several authorities, including Dorset, propose changes in their provision of school crossing patrols. Dorset county council proposes to cut 65 jobs and save £200,000 by not paying for lollipop patrols, at least eight of which are in my constituency. Other Dorset councils do not propose to make cuts in the service. Bournemouth council says that it has no plans to cut funding to its 46 crossing patrols, and Poole has no current plans to change its service, which employs 26 people, plus five relief staff to help children to cross the road. Incidentally, neither Poole nor Bournemouth proposes to close any libraries, whereas Dorset proposes to close 20 out of 34.

Of the Dorset county council sites, 55 meet the national criteria for the provision of such crossings. The county council's total budget is about £273 million, and although the council had a better financial settlement than most other councils, it still has to find £31 million of savings this next financial year. However, the benefits of saving £200,000 in this way are minimal compared with the wider costs placed upon communities.

The council insists that its proposal to stop funding the salaries of school crossing patrol guards does not amount to a withdrawal of the service, as it would retain the management, supervision and training responsibility for it. Schools and communities are being given until March 2012 to explore how they can take over the patrols themselves, and it has been suggested that volunteers could come forward to take over the jobs, or that additional funding streams could be tapped.

I do not consider that the service could be run reliably by volunteers, because of what the job entails: getting up early in the morning in all weathers; an absolute commitment to be there on time morning and afternoon; and sometimes being placed in a dangerous environment with cars not stopping when requested. In recent years, we have rightly been honouring paid lollipop men and women for their sterling service. The job is very different from that of volunteering in a library. The county council acknowledges that parents can, on an ad hoc basis, escort groups of children across the road, that its road safety team can provide guidance on the safest way to do that, but that the parents cannot legally order traffic to stop. So that does not sound like a permanent solution.

Should, and can, schools find the money from their budgets to pay the £3,000 salary per year? The county council in its report says that schools cannot use their devolved budgets to pay the salaries. So as to provide full clarification, will the Minister answer the following questions, or obtain clear answers from his colleagues in the Department for Education? Are there rules that prohibit a school using some of its delegated school funding for the salary of school crossing patrol staff? Is there any school funding apart from parent-teacher association funds that could be legally used for such purposes?

Even if funds legally could be used, it seems immoral that children should have less spent on their education just because their school is located on a busy road. One of the school crossing patrols in my constituency is for a very small village school, which has about 65 or 69 pupils and is on a busy road, and it would be untenable for a small school such as that to find money within its budget. At any rate, there would still be a cut in front-line education services, which surely goes against the principle of maintaining such services.

The other suggestion is that money could be raised through the parent-teacher association. That, I suggest, is not possible for a small school and, as some PTAs are in a better position than others to raise money from parents, it could lead to an inequitable situation, with deprived areas losing their crossings while affluent areas were able to maintain theirs.

Another option is for a parish or town council to fund the crossing. In my constituency two crossings are under threat—a £6,000 bill—and the parish council's total budget is £30,000, so I really do not think that the Secretary of State for Communities and Local Government would be pleased with the size of the precept that would be necessary. Another parish has three crossings, but is fully committed to supporting an important youth project and hence cannot possibly fund the crossings. The county council's report says:

> "If no funds or volunteers are forthcoming from the local community then as long as the site still meets national criteria it would remain 'dormant'."

That is totally unacceptable, and is incompatible with other Government policies. The Education Act 1996 places upon local authorities the obligation to promote sustainable travel to school, and to produce a strategy for developing the sustainable travel and transportation infrastructure. To what extent does the Minister believe that the removal of funding for school crossing patrols conflicts with those obligations?

[Annette Brooke]

Dorset county council makes much of the fact that it is parents and carers who are responsible for the safety of their children but, given that in many families both parents work, if the safe crossing point were not there, I believe that there would be a greater incentive for parents to take their children to school by car. The county council, however, says that there is no evidence that more children would be driven to school if the crossings were not staffed. What does the Minister think, and how does he believe that the lack of a safe crossing point will enhance walk to school programmes? In addition, the Government are encouraging single parents to return to work while their children are of school age and that, I suggest, is another conflict of policy.

Dorset county council says that there is no evidence that child pedestrian casualties will increase if school crossing patrol sites are not staffed. I would be interested in the Minister's comments on the evidence, especially in light of the statistics that I quoted at the beginning of the debate. What obligations, statutory and moral, do local authorities have to provide safe crossings for pedestrians, including, but not limited to, children and adults walking to school? Since Dorset county council is proposing a blanket removal of all its school crossing patrols, and says that if a community solution is not found the crossings will be "dormant", should there not have been a risk assessment of the 55 patrols that meet the national criteria?

The roads through communities in my constituency are heavily trafficked, which, as the Minister will be aware, is due to the nature of Dorset's road system. For example, one area that has two patrol crossings on the A351 carries 26,000 vehicles per day at peak season. The county council installed a pelican crossing. In January 2009, it decided that the pelican crossing alone was not safe and retained the patrol crossing person at that point. Has it become more safe since then? Quite the contrary, I would argue.

Lytchett Matravers has a road that is incredibly busy and dangerous for parents and children to cross. In Colehill, three crossing patrols serve five schools. Without a crossing, parents cannot get a child to the middle school and one to a first school on time. The county council recently spent £28,000 on a cycleway and pavement to help to support the walk to school programme, but parents and children reach the end of the pavement and find no safe point to cross the road. Corfe Mullen parish council has vehemently opposed the cut, making the point that children's safety is paramount.

What additional powers would be needed to ensure that local authorities fund school crossings that are shown to meet the agreed national criteria? I am beginning to conclude that the power should not be discretionary, and I point out that if a few authorities cut school crossing patrols this year, it could become widespread across the country, which would be of great concern.

We are discussing vulnerable children who should be walking and cycling to school where practicable. The cut is small in relation to the county council's budget, achieves nothing and destroys a lot. I hope that the Minister will respond with some facts and figures that will help to persuade the county council that it should find savings elsewhere.

5.1 pm

Richard Drax (South Dorset) (Con): Forgive my voice, Mr Weir. It is a bit croaky, so I will try to speak up. I pay tribute to my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) for securing this debate. It is an excellent topic that affects Dorset. My constituency is more rural than hers, and its nature, topography and make-up demand that lollipop men and women should stay. Many of my local schools are stuck in remote communities. We do not have motorways—we have one dual carriageway, and we hope to have a new relief road—and many schools are at the end of cul-de-sacs or rutted roads, often in ill repair, particularly in the winter months. Cars come flying down those roads at night when children are going home and in the morning when they are going to school, during the rush periods when people try to get between their rural homes and their places of work.

I suspect and fear that the move by the county council will have unintended consequences. As my hon. Friend said, tough spending cuts have, of necessity, been imposed on our county councils. To ease constraints, the Government have removed ring-fencing from local authority grants so that councils can set their own priorities. However, it was not expected that councils would downgrade the importance of road safety.

Tackling road child casualties is a stated priority for this Government and is the subject of recent new initiatives. As the Under-Secretary of State for Transport, the hon. Member for Hemel Hempstead (Mike Penning), said in a recent interview with *The Daily Telegraph*,

> "We would expect that road safety would remain a priority for local communities and that local spending would reflect that",

yet in Dorset, in order to cut £200,000, a tiny portion of the county council's huge budget, more than 60 lollipop wardens will go, a decision that was reaffirmed at a full council meeting on 17 February.

As my hon. Friend said, the Government suggest that that role should be taken over by schools, charities and parish councils, but I argue, as she did, that it is not a volunteer role. In the past year, one lollipop person in the United Kingdom was killed, two more were seriously injured and several more were hurt.

The School Crossing Patrol Order 1954 introduced the first lollipop warden to our streets, and the benefits were crystal clear. It was never thought necessary to make their employment compulsory. As a result, local authorities have the power to provide lollipop wardens, but no obligation to do so. I argue that any transport grant made to a council should be conditional on its keeping existing school crossing patrols. Indeed, like my hon. Friend, I believe that local authorities should have a statutory duty to provide this excellent service. Naturally, I understand that such legislation would fly in the face of our Government's move towards localism, but some things are more important than ideology. Our children's safety is clearly of paramount importance. In recent years, this country has managed to reduce road casualties. It would be nothing less than a tragedy if that reduction were reversed.

5.5 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I congratulate my hon. Friend the Member for Mid Dorset and North Poole (Annette

Brooke) on securing this debate on a subject so important to children, families and schools in Dorset and elsewhere. I assure the House that we take the safety of children, and indeed all road users, very seriously indeed. The hon. Member for South Dorset (Richard Drax) correctly quoted my colleague the Under-Secretary of State for Transport, the hon. Member for Hemel Hempstead (Mike Penning), on that matter.

I listened with great interest to the points made by both my colleagues, who were eloquent and persuasive in their arguments. I will start by explaining the legislative background to the school crossing patrol service. The service is provided by local authorities. Legislation gives local authorities the power, but not the duty—my hon. Friend the Member for South Dorset was quite right—to appoint school crossing patrols to help children cross the road on their way to and from school. A school crossing patrol officer appointed by an appropriate authority, wearing the approved uniform and displaying the familiar sign has the power to require drivers to stop. It is correct that others acting on an informal basis do not have that power. School crossing patrol officers operating outside those conditions have no legal power to stop traffic.

Local authorities have a general duty under section 39 of the Road Traffic Act 1988 to promote road safety. The duty requires them to take such measures as appear appropriate to prevent accidents. It is for them to decide whether those measures should include school crossing patrols. The Education and Inspections Act 2006 introduced a duty on local education authorities to promote sustainable travel to school. If a particular road is considered unsafe for children to cross en route to school, the local authority can address the issue in various ways. School crossing patrols are one of the options available to them.

There are no specific requirements in the rules on school crossing patrols about the funding of the service, and there is nothing in those rules to prevent a school from providing such funding. Schools have considerable freedom in how they spend their delegated budget. Regulations prescribe that they can spend it on anything for the "purposes of the school". That includes expenditure that will benefit pupils at the school and other maintained schools. We therefore believe that it is legitimate for schools to spend their budgets on school crossing patrols as long as governing bodies are satisfied that it is for the purposes of the school. All those matters are the business of the local authority and not something in which my Department can or should intervene.

I understand my hon. Friends' concerns about a power as opposed to a duty, but I must advise them that we do not intend to introduce new legislation to place obligations on local authorities to provide specific road safety measures, whether they are school crossing patrols or any other measures. We believe that local authorities are best placed to decide the priorities for their local areas and the best way to improve road safety in those areas. Dorset county council, like other county councils, is democratically elected and answerable for its decisions to its local electorate. If it makes wrong decisions or decisions that appear to be or are interpreted as wrong, the electorate can make that known in how they cast their votes at subsequent county council elections.

The Government continue to provide substantial funding for local transport, including for road safety. It is for local authorities and their communities to decide what resources are used to improve road safety, and to determine their own solutions, tailored to the specific needs and priorities of their communities. Dorset county council has decided to seek to continue providing its school crossing patrols by inviting those who value their service to make some contribution. It has advised us that the changes are not due to take effect until September 2012. The word used was "postponed," but I wonder whether that means that they really have been postponed or whether that is in line with the council arrangements that have been voted on and that were referred to earlier. In any case, that is the intended start date. My hon. Friend the Member for Mid Dorset and North Poole and the hon. Member for South Dorset may be interested to know that I am not aware of any other local authority with no crossing patrols at present.

Although we want decisions to be made locally wherever possible, we accept that national Government still have a crucial role in providing leadership on road safety, delivering better driving standards and testing, enforcement, education, and managing the strategic road infrastructure. We also provide information and guidance to support local delivery. We are preparing the strategic framework for road safety and have held workshops to inform its development. We plan to publish it in the near future. The Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead, will lead that process.

The Department for Transport does much to promote the safety of children in many ways. For example, as well as working to protect children by improving driving standards, we issue advice, guidance and teaching materials so that children can be given the skills to become safe road users when they are out and about. In our most recent campaign, we piloted an innovative new partnership between the Think! child road safety campaign and four football clubs located in regions with higher than average casualties of six to 11-year-olds. The football clubs used Think! materials, prepared by the Department for Transport, in their after-school clubs and in activities in schools and on match days to help children learn how to find safe places to cross the road, which evidence shows is a key factor in helping children stay safe on the roads. The materials are on the Department's website and we hope that other authorities will use them, too.

We have also made available to all schools our comprehensive set of road safety teaching resources, so that they have good-quality materials that they will want to teach. Think! education is aimed at four to 16-year-olds and covers all aspects of road safety, from car seats for young children to pre-driver attitudes for secondary schools. It includes materials for teachers, pupils and parents and can also be used by out-of-school groups, such as the Cubs and Brownies. The suite of teaching resources is currently being independently evaluated. We have also disseminated the Kerbcraft child pedestrian training scheme, whose evaluation has shown that the scheme is highly effective in delivering a lasting improvement in children's road-crossing skills and understanding.

We strongly advise parents to encourage their children to take cycle training at about the age of 10 onwards. It provides the opportunity to influence their future travel

[Norman Baker]

behaviour by enthusing them and equipping them with the necessary skills. I want to make it plain that the Government are fully committed to supporting sustainable travel, including cycling. We are delighted to support Bikeability training—the cycling proficiency for the 21st century— for the remainder of this Parliament. It is designed to give children and adults the skills and confidence to ride their bikes on today's roads. In 2011-12, £11 million will be available to local authorities and school sport partnerships to enable 275,000 more children to receive training.

I recently launched the new local sustainable transport fund, which was mentioned in the Department for Transport's White Paper. The fund makes available £560 million to local authorities to encourage local sustainable travel. I hope that Dorset county council and other highway authorities will submit a bid for the fund. The hon. Members present may want to draw the county council's attention to it to encourage sustainable travel initiatives in Dorset.

Annette Brooke: I thank the Minister for drawing attention to that large fund and for the emphasis that the Government are placing on sustainable travel to school. Walking is very important. We are talking about patrol crossings that meet national criteria, so should there not be more leadership from the Government, in the form of conversations with councils, if we are faced with the possibility of those crossings disappearing?

Norman Baker: We in the Department for Transport have a view of what would be desirable for each individual local authority to adopt as best practice, and, as I have indicated, we try to make available the materials and information to enable them to reach sensible conclusions about their own practices. Members will be aware, however, that, ultimately, we are encouraging democratically elected bodies to be responsible for their own actions. As a consequence of that, county councils, district councils and unitary authorities will take decisions that, in some cases, are not the ones that the Department would have taken had the matter been centrally controlled. In the era of localism, it is for county councils to be free to innovate. That might drive up performance, but on some occasions it might drive down performance. That is a consequence of localism. It will be more of a patchwork arrangement across the country.

What we can do is make it plain from the centre what we believe best practice is—we are beginning to do that through the methods that I have described—but, ultimately, it is up to Dorset and other county councils to decide whether they want to pay attention to that. Obviously, I hope that Dorset and every other county council in the country takes its road safety responsibilities seriously.

I was asked whether there should be a risk assessment before the matter is decided. I am advised that there is no requirement to carry out a risk assessment before stopping the service. As my hon. Friends know, the service is discretionary, so Dorset county council is not duty bound to produce a risk assessment, although it could, of course, have done so had it wished.

In conclusion, I pay tribute to the men and women all over the country who work as school crossing patrol officers—our much-loved lollipop men and women. I am very grateful for the invaluable work that they do. They are important members of the community, performing a difficult job in all weathers to ensure that children get to school as safely as possible. They have a crucial role to play in introducing children to road safety and respect for traffic. Everybody should value their contribution. I know that many have served their community over many years. They have seen the children grow up and then bring their own children to school, and they are remembered with affection by those of us young enough to have benefited from their help.

I am grateful to my hon. Friend the Member for Mid Dorset and North Poole for introducing this debate. The Department, the Government and I consider the issue of child safety to be very important, and I hope that I have demonstrated that this is an area in which we are active. On the specific matter to which my hon. Friend and the hon. Member for South Dorset have referred, they will appreciate that any decisions are to be made, ultimately, by Dorset county council. However, my hon. Friend was absolutely right to introduce the debate and I am grateful that she has received support from her parliamentary neighbour, the hon. Member for South Dorset. I believe that she has put together a compelling case, and hope that Dorset county council will reflect very carefully indeed on her remarks and those of the hon. Gentleman.

Question put and agreed to.

5.17 pm

Sitting adjourned.

Westminster Hall

Thursday 17 March 2011

[MR PETER BONE *in the Chair*]

BACKBENCH BUSINESS

Bill of Rights

Motion made, and Question proposed, That the sitting be now adjourned.—*(Miss Chloe Smith.)*

2.30 pm

Mr Peter Bone (in the Chair): This very important debate is about articles 9 and 13 of the Bill of Rights and the role of Parliament in dealing with all grievances and the importance of freedom of communication between constituents and Members, and I know that it is very important, because the Leader of the House trailed it earlier. I remind Members of the importance of privilege, which we have here in Westminster Hall as in other parts of Parliament, but Members should always exercise their rights with care, particularly when naming individuals, and should avoid intrusion into areas that are within the jurisdiction of the courts, particularly things that are active before the courts.

2.31 pm

John Hemming (Birmingham, Yardley) (LD): I thank you, Mr Bone, and also the Backbench Business Committee, on which I sit, for providing the opportunity to debate this very important issue.

I often find the older laws interesting to look at, and they are all available on the modern websites. On the statute law website, found at legislation.gov.uk, we can find the Bill of Rights 1688, which is sometimes called the Act of Rights 1689. Article 9 of that Bill is on freedom of speech, and says that

"the Freedome of Speech and Debates or Proceedings in Parlyament ought not to be impeached or questioned in any Court or Place out of Parlyament."

Interestingly, that it is often misunderstood to mean absolute privilege, when it in fact means that the courts cannot look at what is said in Parliament, which gives a defence not only against defamation but against contempt of court. Things that perhaps otherwise could not be spoken of, can be spoken of within Parliament because of article 9. It is absolutely crucial to recognise that that is a liberty of the British people: the powers of Parliament, in the body of democracy, to represent the citizens of the United Kingdom are liberties of the British people. Contempt of Parliament and parliamentary privilege are there to protect the citizens of the UK, and of the world more widely, and I shall go into some detail about that later.

Article 13 is about frequent Parliaments:

"And that for Redresse of all Grievances and for the amending strengthening and preserveing of the Lawes Parlyaments ought to be held frequently."

That clearly gives Parliament two functions, one being the redress of all grievances. The nub of my arguments today is that if Parliament does not know what is going on, for one reason or another, it is somewhat difficult for it to produce any results whereby the grievances are redressed. We face serious problems if Parliament is blinded or deafened by the actions of others.

I have some other laws here, which are important. In the area of family proceedings, people very often refuse to, or are pressurised not to, give information to Members of Parliament. There have been a number of changes over the years. In 2005, a statutory instrument creaked open the door to the family courts, and then there were the Family Proceedings (Amendment) (No.2) Rules 2009, which are important because they made it clear under "communication of information for purposes connected with the proceedings" that a

"party or the legal representative of a party, on behalf of and upon the instructions of that party, may communicate information relating to the proceedings to any person where necessary to enable that party...by confidential discussion, to obtain support, advice or assistance in the conduct of the proceedings".

This might come as a surprise to some people: Members of Parliament are human beings. The law was opened up very clearly in 2005, and it was made explicit in 2009 that any person is allowed to have information from a party. Article 9 of the fundamental constitutional law of the UK of course trumps statute and statutory instruments, but we have here a statutory instrument that makes it extremely clear that a Member of Parliament may obtain information from a party; for example, from a parent or a child who is aggrieved at their treatment by the family courts. Often children have great difficulty escaping from this strange world; a number of teenagers who have found it very difficult to escape the system have contacted me.

There is another old constitutional law that I would like to refer Members to, the Magna Carta. The Magna Carta 1297 is the version that is in force—in statute. It is rather sad, in some senses, that so little of it remains. A lot of it has been repealed, and only articles I, IX and XXIX are left. Article I is on the confirmation of liberties, and basically refers to the Church of England. Article IX refers to the liberties of London, and as a Member of Parliament for Birmingham I wonder why an article about London and the Cinque ports has not been repealed when so many of the others have gone.

Article XXIX is an important one, on imprisonment contrary to law and the administration of justice:

"NO Freeman shall be taken or imprisoned, or be disseised of his Freehold, or Liberties, or free Customs, or be outlawed, or exiled, or any other wise destroyed; nor will We not pass upon him, nor condemn him, but by lawful judgment of his Peers, or by the Law of the Land. We will sell to no man, we will not deny or defer to any man either Justice or Right."

I emphasise the last sentence of that article, the key to which, as I see it, is that people are equal before the law, and that one's wealth should not affect how one is seen by the legal system. There are lots of debates going on about access to justice, and last week I raised the issue of the balance between two different cases, and of how the people involved in them were treated. One case involved a particularly wealthy person and the other a relatively poor person, and I will come on to that later because it is important.

This debate is particularly about the position of communication with Members of Parliament, and the right hon. Member for Haltemprice and Howden (Mr Davis) has a very important point to raise in

[John Hemming]

association with that. Even if we did not have the Bill of Rights, it is clear that there are circumstances in which it would be lawful for people to communicate with Members of Parliament. There are other situations, when there are court injunctions or other pressures on people through employment contracts and the like, when it perhaps is not as lawful for people to communicate with their Member of Parliament. I am particularly concerned about situations in which people are bullied and threatened to prevent them from raising their grievances with their Member of Parliament, and there is obviously a question as to where the limits of that lie. I tend to construe it more broadly, in that when information is needed for proceedings in Parliament that should be protected by the law. The law of Parliament is part of the law, even if some solicitors firms do not understand that, such as Withers last year.

Mr Richard Bacon (South Norfolk) (Con): On that point, and particularly in connection with family law, it is the bullying of constituents that is one of the most offensive aspects of this. In trying to explain to parliamentary colleagues why we sought to hold this debate and what is so important about it, the example that I have given that has most grabbed their attention is that of a social services department saying to a constituent, "If you talk to your Member of Parliament, we'll make sure you lose custody of your child." Does that not illustrate vividly the nature of the problem that we are dealing with?

John Hemming: Yes, it is a dreadful abuse of state power to threaten to remove a child from the care of the parents because they deign to speak to their Member of Parliament. That happened to one of my constituents, Andrew France, and I will come to the detailed documentation on that later. I think that is a dreadful thing to do with people.

On the Family Proceedings (Amendment) (No. 2) Rules 2009, I pointed out that it is in fact entirely lawful to talk to anyone. To say, "We will remove your child, because you had the effrontery to raise your concerns about process with your Member of Parliament" is a dreadful thing to do. Parliament should not tolerate that, because it undermines the actions of Parliament. Later, I will come in detail to the example from Australia which demonstrates that it can be interpreted as contempt of Parliament, so Parliament could take action on those grounds to ensure that people's right to talk to their MP is protected.

Last week, I raised the issue of Fred Goodwin and Lee Gilliland. Everyone tended to concentrate on Fred Goodwin and the banker issue, but I think that the issue of Lee Gilliland is more important. The Gilliland case is slightly complex, and I cannot refer to some things, because proceedings are continuing. However, in the historic proceedings to which I referred last week, he had his mental capacity removed, on his right to instruct a solicitor, on the basis of a report from his GP which was written some five months after his GP had last seen him and which he has still not seen—I spoke to him about half an hour ago.

It took me a little time to get into the issue of mental capacity, when I first encountered it a number of years ago, because it seemed so shocking. Yes, we have the Mental Capacity Act 2005, which specifies circumstances under which people's capacity can be removed, but I was surprised to find a situation in which someone who seems coherent could be told, basically, "You're too stupid to tell a solicitor what to do. And, because you are too stupid to tell a solicitor what to do, we will appoint what is called a litigation friend"—one must distinguish between a litigation friend and a McKenzie friend, because people sometimes confuse the two. The litigation friend acts on someone's behalf. The Official Solicitor is often appointed as litigation friend even though the Official Solicitor ought really to be appointed as a litigation friend of last resort.

With the agreement of the Official Solicitor on behalf of Mr Gilliland, a decision was made by the court. The house he lived in was to be sold, with half the money going to him—roughly £50,000. However, he was to be evicted and, of the £50,000, more than £37,000 would go to his solicitor. Who is protecting Mr Gilliland's interests? He did not start out as a particularly wealthy individual, then the state came in and said, "You are too stupid to instruct a solicitor, but you can't see the basis upon which we have made that decision. Oh, and by the way, we are going to take three quarters of the money you might have had, turfing you out of your house and putting you on the streets, and give it to your solicitor."

I do not see that as treating Fred Goodwin on the one hand and Lee Gilliland on the other hand equally. Fred Goodwin can afford to spend a lot of money on getting an injunction, or even a super-injunction under which someone cannot even talk about him having the injunction. I will come to what I call hyper-injunctions. One of the freedom of speech issues is that media organisations are generally commercial organisations, and there gets to be a point at which it is not worth their while trying to challenge the system and to get information out. With that, we return to the article 9 issue, because our freedom of speech in the House is obviously on behalf of the citizens. We need to know of grievances so that we can raise them and talk about them publicly, so that the citizens of the UK can know. If it costs £20,000 or £30,000 in legal fees to write an article, in most circumstances a media organisation will just give up. The freedom of speech is basically sold down the river, because of the costs of the legal processes.

Mr David Davis (Haltemprice and Howden) (Con): I congratulate my hon. Friend on securing the debate on a massively important subject.

I was not at the signing of the Magna Carta, or later ones, but I have been in the House for 22 years and I have a couple of observations. One of the reasons that the Cinque ports and London are still on the statute book is because the redress of grievances was always done before the Crown—the state now—and it got its interest, its reward, its return and its borrowing from the City of London.

What we are seeing, and it has got worse over the course of the past 22 years, is the interests, prejudices and career risks of the organisation dealing with the individual, be it a solicitor or even a family or social services officer, put to the fore—not always, but sometimes—ahead of the interests of the constituent. Those officers of local authorities, courts and so on have put their interests or privileges ahead of ours, and it has happened time and time again. In my constituency,

teachers have been accused of sexual misdemeanours which were later proven not to be true, and people have been threatened with their children being taken away—a whole series of areas.

Our job is to be the defence of last recourse for the individual. We stand between the individual and the misdemeanours of the state or, indeed, the lynch-mob law at the other extreme. That is why, in modern terms, and not just in terms of the ancient rights, our access to information is fundamental to continuing freedom in Britain. Once our right to have that information is taken away, the freedoms of our citizens and constituents are undermined. Parliament itself—its officers and the Speaker—should take a stand and make a statement to the effect that we have those rights on behalf of our constituents. May I have the view of my hon. Friend?

John Hemming: I very much agree with my right hon. Friend; he is entirely right. People recognise that we in the House act as the last resort in many ways. I will give examples from among my own constituents for whom I have acted in the last resort. We need to stand up for the citizen.

One of the problems with how things have developed, and with all the secrecy rules, is that they seem to act to protect not vulnerable people but those who make money out of the system. That is dangerous, because we then have what Councillor Len Clark in Birmingham talked about as the "penguin mentality". Basically, whenever there is any criticism—he was citing social workers—they stand like penguins, back to back, on a different continent to everyone else, Antarctica, and they just refute all criticism. Any real problem in the system is then very difficult to deal with.

We will look at the issue of Dr Waney Squier later. Her problem is that the area on which she can argue her case is trapped by the secrecy of the family courts. That is protecting not children but the judicial process from scrutiny. It is about identifying not the children or the parents involved in the case but the rational process by which a conclusion has been reached.

My right hon. Friend the Member for Haltemprice and Howden is entirely and totally right. We need to stand up collectively, and we hope that the Speaker might do as my right hon. Friend requests.

I will now look in more detail at Andrew France's case. I have some of the documentation with me, including a county court order—for proceedings that have now completely ended, so it is a public document, and there is no issue of privilege. The document is there in the courts. In the recitals, it states:

"upon the first and second Respondents agreeing that they will make no further disclosure in respect of this matter to any third party, including in particular the media and John Hemmings MP."

It is somewhat surprising that I am such a threat to the system that so much effort will go into stopping one of my constituents speaking to me. He was wrongly imprisoned on a made-up allegation of rape, so he went through a serious process. He won his criminal appeal but he complained about a social worker in the process, so the authorities decided to start proceedings in the family courts. Luckily, an excellent judge junked it in the bin, because it was transparently such nonsense, and everything ran smoothly for the family. However, my constituent was under no illusion that had he not agreed to those recitals in the court order, the council would have taken action—he was told—which would have been to apply for a care order taking his four-year-old daughter into care.

Mr Bacon: For the benefit of the House, can my hon. Friend clarify, in case anyone did not notice? Is he saying that a court order was made prohibiting a constituent from talking to him as a Member of Parliament?

John Hemming: Exactly. The court order is slightly different from that, because it is in the recitals. Some court orders prohibit people from talking to Members of Parliament, but, because it is in the recitals, it implies an agreement. It is slightly more complex, but, in essence, a lot of pressure was placed on him to agree not to talk to me. The threat was that, if he talked to me, they would apply to take his child into care. A note from his barrister, June Williams, said:

"All the advocates stressed to me the danger of Father having any contact with John Hemmings MP"—

I wish she had got my name right—

"(for the Liberal and Democrats)."

She did not get the party's name right either. I shall miss out a couple of the points that she mentioned, because they are totally untrue, but she continued that he was "scathing" about the care system

"and had been heavily criticised by the Court of Appeal about his involvement in cases. The collective view was that he would do more harm than good. Mr Grove confirmed that he advised Mother not to contact the media again and she confirmed that she would not. I spoke to Father about this, as the parties had prepared the recital to the order about the parents not contacting the media or John Hemming"—

she got my name right that time—

"or any third party about this case. Father was very defensive at first and said 'No' and that effectively this was a gagging order,"

which, of course, it is.

Mr Bacon: Surely, it must be the case that any right-thinking court that had informed itself properly—in this case, it would have to be a higher court revisiting the decision—would come to the conclusion that any agreement made under duress would be a nullity and void.

John Hemming: I agree with my hon. Friend that it is completely wrong to be made to agree not to talk to one's MP. I also think that that process of bullying is a contempt of Parliament and that action should be taken by Parliament to deal with it.

The note continues:

"I explained to Father to think carefully about his actions especially the impact on the child".

It goes on to talk about other children getting hold of this and causing difficulties, but talking to one's MP does not inherently mean that something will enter Parliament; it merely means getting additional support and explanations. The note goes on:

"Father said that he went to the media because he wanted to clear his name"—

which is fair enough—

"having suffered negative coverage in the media at the time of his trial. I stated that I understood why he did it, but stressed it was the potential impact on his child that he must give consideration to."

[John Hemming]

He has been portrayed by the media as a rapist and wants to get publicity that says that he is not. I find it odd that it is thought that trying to get publicity to clear his name would cause problems for his child.

The note continues:

"Mr Grove joined me, whilst I was speaking to Father in the waiting area, and reiterated the danger in Father in having any contact with John Hemming. I advised Father that he must have faith in his legal team, and that contacting 3rd parties such as John Hemming, would not be consistent with working alongside his legal team. I stressed that John Hemming would not assist him any better than his legal team, at the fact finding hearing. I urged him against such further contact and sought his confirmation as to whether he was agreeable to the preamble to the order. Father at first said that he would agree to it but was not happy about it. I stressed that I needed to be certain that he was in full agreement to it, and after Mr Grove had spoken to Father about this, as mentioned above, Father stated clearly that he would agree to it, and appreciated the point that I was making."

The essence of it is that he has no real choice. If he does not agree to it, the local council, of which I used to be deputy leader, would take action to take his child into care.

On the processes of councils, it is interesting that I have discovered that their senior management and councillors have no knowledge of what is really going on in social services departments throughout the country on a day-to-day basis. There is no real scrutiny in the councils, and the fact that elected officials are in charge of them does not result in any proper scrutiny.

That is one example where it is obvious that action was wrongly taken to bully somebody into agreeing not to contact me. I have to be very careful with the example of another of my constituents, because proceedings are continuing, so I shall have to refer to historic information. It may be best if I do not name this constituent, because it will save difficulties. She is 26 years old and has mild learning difficulties. She came back to Birmingham, having been separated from her family 10 years ago. A consultant psychiatrist's report quotes the police in relation to the situation faced by my constituent, who was on the electoral role in my constituency for the general election. I should also add that Acocks Green is part of my constituency and it has an Iceland shop.

The report states:

"Police records made available to me via the instructing Solicitors provide details of the incident on 8/10/09, reported as an abduction."

They say that she was abducted by her family. The report states that the description from the police was that she was

"out shopping in Acocks Green Village, with 2 other residents"

from her home. It goes on to say that, while in Iceland, she

"saw one of her sisters. The sister asked the carer for contact details but this was refused. She left the shop in tears. In the aftermath of this incident"

she

"and her party were walking away from 'Iceland' a silver car pulled over, containing"

her "two brothers." The report goes on to say that

"it is described in the Police report that when the silver car pulled over"

she

"ran and hugged one of the males believed to be her brother, before getting into the car and being driven away. A history of"

her

"being the subject of an allegation of forced marriage was mentioned. Concerns were mentioned in the Police report that family will try to take her out of the country,"

which is refuted by the family.

The report continues:

"It was stated 'the Airport Unit at Birmingham Airport was informed so that any immediate attempts to remove"

her

"from the country could be identified.'

It goes on to say that she

"was found by the Police at her mother's home address in Sparkhill, Birmingham. A large number of family members were present and a party atmosphere was described. It was stated that"

she

"'was unequivocal that she wished to remain with her parents' and when it was explained by police that it was not possible but she could remain with her sister she was very excited. It was also stated 'it was established that there was no legal authority to remove"

her

"to the care of Social Services and no authority to use force to do so.'"

She was separated from her family for 10 years and found them near where they live. She ran into the car with her brothers, went to her parents' house and there was a party because they had found her after 10 years. They went to court and a social worker from Birmingham—

Mr Peter Bone (in the Chair): Order. I am sorry to interrupt the hon. Gentleman, but I just want to make sure that this is not sub judice and not active before the court.

John Hemming: This particular part is not active. It is a distinct proceeding that relates to a decision taken in 2009. It is important that hon. Members gain an understanding of the basis on which these decisions are taken. It is said in the Court of Protection that decisions are taken via the judge, who relies on an expert witness. I will read out the expert's report that empowered the local authority to get a decision from the judge to put my constituent in a home. The report has a heading and includes the names of a social worker and the witness, but I shall not mention them. The specific question was: where does she want to live? It went on:

"Does the service user understand the information necessary to make the decision at this time?"

The answer given was "Yes" and the report said that she had

"listened and quickly responded that she had heard but wanted to stay with her family."

It is clear, therefore, that she had a view of what she wanted.

The report also asked:

"Can the service user retain the information for long enough to make this decision?"

The answer given was that she

"is quickly stating yes, she is not giving reasoning or considering risks which she herself has previously expressed relating to potential forced marriage and not wanting contact with family members."

The report went on to ask:

"Can the service user weigh up the information in order to make this decision?"

The answer given was that she

"is not weighing up information about different options for her accommodation. She will only state she wants to live with her mum and dad or sisters. She said that she likes to make people happy and that she will be happy if her family are happy. Her family will be sad and angry if she leaves so she would like to stay with them. I suggested she could have continued contact with her family even if living elsewhere but"

she

"said this would make them angry."

The report concluded:

"The result of this Capacity assessment is that in relation to deciding accommodation"

she "does not have Capacity."

That is not really a long assessment in terms of the Mental Capacity Act 2005. Where in the assessment is there an attempt to assist her in making her decision? There is no record of it whatsoever. The assessment is given as a sufficient basis to, basically, imprison her. It was in secret and there was no accountability and no second opinion at that stage.

I wrote to a Minister who told me to write to the Care Quality Commission, which told me to write to the solicitors, who did not respond. I wrote to the council, which told me: "The judge has banned us from talking to you." I wrote to the Official Solicitor—this is a mental capacity case and the Official Solicitor has been appointed to deal with her best interests—and I got a letter back that said:

"You are correct when you suggest that I take the view that I am not accountable to you as an MP for the way in which I act in individual cases."

We have a sort of vacuum here. There is no proper accountability in this area whatsoever. Her sisters were talking to me and were threatened that they would be in contempt of court if they continued to do so. One of the sisters is a constituent and another one lives just outside my constituency. We have here another contempt of Parliament, where effort is being put into stopping external scrutiny of the processes.

In the case I am talking about, a large sum of money has been spent on keeping this particular girl in the custody of the state—she is effectively a secret prisoner. The family has expressed the view that the true reason she was taken into care some 10 years ago was to prevent the investigation of an allegation of sexual assault against a member of staff of the city council. They think that the reason this kicked off is that, when she came back to Birmingham, someone did not want the investigation of the sexual assault from 10 years ago to kick off. I have seen some of the police records, and the family have a reasonable case for saying that that might be the motivation underlying such a massive expenditure of public money. Whatever way we look at the matter, this is a dreadful case and it is very clear what is going on. It has been said that her father is a risk to her. However, he died last July—possibly partly as a result of the stress of the case—so he is not much of a risk now. It is therefore difficult to understand what the justification is for what has been done.

Mr David Davis: I am listening with fascination to this case because it seems to me that it is clearly a contempt of Parliament. Who is the Official Solicitor responsible to, if not to us?

John Hemming: The Official Solicitor's answer is that he is accountable to the court. However, I cannot see where the real scrutiny of that process is. Let us consider the case I mentioned earlier—the £37,000 case—which also involved the Official Solicitor. Obviously, Alastair Pitblado does not trundle around the country like Father Christmas, visiting every court for a few seconds. We are talking about members of his staff, who will vary in calibre. As far as I can see, there is no real scrutiny of the Official Solicitor. Yes, the court may spot something, but it is very difficult. Who is actually acting to protect somebody against what the Official Solicitor does? That is a very difficult question. In addition, I have asked if I can go and see the constituent concerned and have been refused. So, someone is being held incommunicado from her Member of Parliament.

On the issues surrounding what can be done as a last resort, I shall discuss another constituent: Michael Singleton. His mum was very surprised that he had been jailed for five years, given that the allegation was that he had intentionally set fire to the house they were living in and had gone back to bed in the same house. She came to see me and we filled in the forms for him to appeal to the criminal Court of Appeal as a litigant in person, after which he was released. That shows the importance of having the last resort because the state would have wasted a lot of money keeping him locked up when there was nothing to be gained from doing so. It was lucky that that case was not covered by any confidentiality and that no one was trying to ban him from talking to me or his mum or anything like that, and he was therefore released.

The other person I have mentioned is still basically in the power of the state, and the people concerned are banned from coming to talk to me. Therefore, I cannot give them any advice on how they might be able to appeal the process and challenge things. I do not have a degree in law, although I have a certain amount of experience with it. My degree is more science-based. I shall also mention another, more recent constituency case. I will not name the person concerned because it might be sub judice. We are trying to get it to be sub judice.

Mr Peter Bone (in the Chair): Order. May I just say to the hon. Gentleman that it is quite proper to refer to cases to illustrate the general debate, but this is a wider debate? He should not spend too much time on any single case because I know that other hon. Members wish to speak.

John Hemming: I will speed up a bit. Dr Waney Squier is another example of someone who, to clear her name, needs access to secret material that does not affect any children or parents. However, she cannot get access to that.

We should consider again the wider questions of court decisions in respect of contact with Members of Parliament and others. I have here a case from 2005—folio No. 773. It is an injunction that says that if someone disobeys this order, they may be found guilty of contempt

[John Hemming]

of court and may be sent to prison or fined or their assets may be seized. I am not going to name the parties in that case because more research needs to be done into it. However, without me putting this into parliamentary proceedings, I cannot even write to the people involved. Obviously, an ordinary letter not connected with proceedings in Parliament is not covered by the Bill of Rights. Paragraph (1) of the document concerned states:

"Neither the Defendant nor any third party with notice of the Injunction may communicate with any third party regarding these proceedings in general and the potable water tanks or system referred to in the Injunction in particular."

Mr Peter Bone (in the Chair): Order. I am sorry to interrupt again. I want to go back to my previous point: we must not deal with active cases. Will the hon. Gentleman assure the House that this is not active?

John Hemming: The case has not been active to my knowledge since 2006. It is definitely not active now. I think the case ended in 2006—the date of the injunction—partly because of the trap that the individual concerned has found himself in.

Mr Bacon: It may assist hon. Members if I draw my hon. Friend's attention to the Select Committee on Procedure's 2004-05 report on the sub judice rule. On page 19, that report makes it clear that the purpose of the sub judice rule is to protect active proceedings. It also makes it clear that criminal proceedings cease to be active when they are concluded by verdict and sentence or discontinuance, and that civil proceedings are active when arrangements for the hearing—such as the setting down for a case for trial—have been made until the proceedings are ended by judgment or discontinuance. If there has been a judgment or a court order, there can be no question of the matter being sub judice.

John Hemming: I thank my hon. Friend for that. In fact, in this case, that goes even further because there is nothing going on. Not only was there a judgment or court order injunction in 2006, but nothing has been going on since in the courts— although there may have been other things going on in the outside world in relation to the matter. Returning to paragraph (1)(a) of the document, it states:

"The third parties with whom the Defendant (and/or such third party) must not communicate in that regard include (but are not limited to):

(i) A or any other owner or operator of ships.

(ii) The United States Coastguard or any other coastguard or similar organisation;

(iii) B or any classification society;

(iv) Members of parliament, journalists and lawyers, with the exception of lawyers or legal advisors instructed for the purpose of assisting his defence of these proceedings.

(2) The Defendant (and/or such third party) must not communicate to third parties (without prejudice to the generality of the terms of the Injunction):

(a) The existence of these proceedings;

(b) The existence or terms of the Injunction;

(c) The fact that the potable water tanks of C and D were recoated;

(d) The fact that the potable water tanks of other vessels (such as the E and F) were also recoated.

(e) Anything to do with the potable water tanks of any of the above-named vessels, their coating or recoating which he has learned as a result of these proceedings, including without limitation the content of paragraphs 5 to 7 of the first affidavit of G.

(f) Any speculation that the illness of any individual (including without limitation the collapse of H) was, has been or will be brought out by the chemical composition or the chemicals present in the coating of the potable water tanks on the C."

There is a lot of stuff in that. It goes beyond a super-injunction; it is what I would call a hyper-injunction. It is an injunction in a case where someone is not even allowed to refer to the existence of these proceedings. There is the desire not to have the matter mentioned to Members of Parliament. There is also the interesting reference where it says

"with the exception of lawyers or legal advisors instructed for the purpose".

I believe that the person concerned got a two-week suspended sentence for talking to a lawyer about whether he could have it on a no win, no fee basis. So there is a real question about whether he can get a fair trial on this basis. One of the things to which he is not supposed to refer is the fact that in the potable or drinking water tanks of these vessels, the paint was defective. In certain circumstances, the coating could break down and release small quantities of a toxic substance into the water contained in the tanks. What we have, therefore, is passenger vessels trundling around the world with potentially toxic substances being released into the tanks, although to be fair, the problem with the coating in the tanks is being fixed; but one of those who worked on the tanks collapsed as a result. We also know that the situation continued.

The reason why I have not named people is simple: I do not know the nature of the toxins or whether they are serious, and they might not be. However, I am greatly worried about transparency, and I might pass these details to a Committee of the House, if there is one that wishes to look at them. From a health and safety point of view, we want to think that the water we are drinking is safe and that it will not cause health problems; the difficulty in this case is that we do not know. What we do know is that corporations used the massive force of the law to gag an individual and truss him up so much that he could not really challenge the process.

Mr Bacon: What my hon. Friend has just said is really quite extraordinary. As I understand him, he is saying that a court in this country made an order with a whole load of provisions in it. What particularly attracted my attention, however, was that it prohibited someone from talking to a Member of Parliament and from referring to the existence of the proceedings. When one thinks of secret courts, one thinks of unsavoury regimes such as those in Burma, Cuba, Hungary in the 1950s or Stalin's Russia, but one does not think of the United Kingdom. How can a judge feel it appropriate to make an order making it unlawful—supposedly—to refer to the existence of proceedings?

John Hemming: The person in question could actually be jailed for telling his MP that he had been in court case No. 773. What is so sensitive about that? In practice, even family court proceedings are not that confidential. I think this case was in the Commercial and Admiralty court. My first question is not just how the hell this

could happen—I apologise for the non-parliamentary language, Mr Bone. How does this happen? How many more of these cases are there? How many secret cases do we have in this country, with people being banned from even saying that the case exists?

In the past couple of days, Lord Neuberger has said that super-injunctions are dubious. There is an argument for a temporary super-injunction from time to time in a fraud case so that money can be chased around the world, but it is complete nonsense to have something that is still in force almost five years later and whose existence cannot even be mentioned outside parliamentary proceedings. In this case, there is also the health and safety issue. I do not know how serious it is, although now that the case has been mentioned in parliamentary proceedings, I will send people a copy of *Hansard*, ask for their comments and see what explanation they give. If I can find an appropriate Committee in the House to pass the details to, I will do so.

This is not the sort of thing that should happen. This is not about transparency and accountability, but about using lots of money. We come back to Magna Carta and somebody with a lot of money. We are talking about various companies with lots of money gagging some poor individual. Where is the equality of arms in that? Where is the idea that we will not sell justice? The courts may not be selling justice, but the legal process as a whole is not really very balanced if this is the sort of thing that goes on.

However, let us move on. I hope I have given enough examples and that everyone is happy, but I think we should move on to the more general points about contempt of Parliament. As colleagues know, the House of Commons has the power, by referring cases to the Standards and Privileges Committee, to deal with contempt of Parliament. In fact, the last example came about at my suggestion. I moved a motion to refer someone to the Committee last year, when Withers threatened me with legal action unless I agreed not to say something in the House. That was an obvious and very straightforward contempt of Parliament.

There is an interesting case involving the Member for Preston in the Parliament of Victoria in Australia, and I have a copy of the Legislative Assembly Privileges Committee report if any hon. Member would like to see it afterwards. The case is interesting because it involved threats of legal action against a constituent for passing information to a Member of that Parliament, with a view to preventing that Member from speaking about an issue there. I think we are bang to rights, because the case provides exactly the precedent that would be necessary to justify using contempt of Parliament proceedings against those who wish to prevent people from talking to Members of Parliament in the UK.

The issue is quite straightforward; in fact, it has been looked at in the domestic courts to determine the extent to which communications with Members of Parliament are potentially privileged. In the case of Rivlin *v.* Bilainkin, the judgment, which was delivered on 18 December 1952, concluded that a communication with a Member of Parliament is not automatically privileged, even if it is handed over in Parliament. It is the institutions that matter; in that respect, we constitute Parliament just as much in this Chamber as in the main Chamber. If something is not connected with proceedings in Parliament, it is not privileged; if it is connected with proceedings in Parliament, it is privileged. That obviously gives the House control over which communications with Members of Parliament are privileged and protected by article 9.

Mr David Davis: I do not know which level of court would make that judgment, but it produces an enormous perverse incentive. That became apparent during the case involving my hon. Friend the Member for Ashford (Damian Green)—now the Minister for Immigration. He was arrested for handling information that had been leaked from the Government; it was actually in the public interest that he handled that information, but we will put that to one side. One of his defences was that he used the information in his role as a Member of Parliament. However, there was a vast quantity of information—I handled it and he did, too, because he worked for me at the time—and we made judgments all the time about not putting things in the public domain in Parliament. By doing so, however, we put ourselves at risk. I can think of a couple of secret pieces of information—I will not relay them now—that would have affected terrorism and which we did not put in the public domain. By not putting them into a parliamentary question or into parliamentary debate, we put ourselves at risk. The impact of this judgment therefore seems perverse in terms of public policy and in terms of its impact on the behaviour of individual Members of Parliament.

John Hemming: The question is how closely something is connected with proceedings in Parliament. A Member might say that something will, under no circumstances, be connected with proceedings in Parliament. I think that deals with my right hon. Friend's valid concern. We all deal day to day with real situations and we sift information, and it should not have to find its way into a debate to be protected by privilege. I was particularly concerned about the arrest of my hon. Friend the Member for Ashford because the Executive were interfering with Parliament; there is no question about that. Parliament is here to protect citizens of the UK, not MPs. The individual who was trussed up by that secret hyper-injunction needs protecting. We all need protecting from water that people are being told to drink without being warned that there are potentially toxins in it. That causes me great concern. This is about protecting people, not about using money and wealth to get legal processes to gag people. There is a way round these issues, but it requires Parliament to stand up for the people and for people's right to communicate with Members of Parliament.

The same issues have cropped up in other jurisdictions. Obviously, all the common law jurisdictions tend to have a similar process. I gave the example from Australia, which was valid there; however, there is also the interesting case of Germany, which involves a similar sort of protection. Obviously, the exemptions on the continent are quite different. There is protection for members of the Bundestag, but not members of the Bundesrat, which is not too surprising. That protection is under article 47 of the Basic Law, which relates to the right of refusal to give evidence. Members of the Bundestag have a right to refuse to say where the information they have has come from.

We need to go further than that. We need to protect people's right not be bullied. Somebody might say, in all innocence, that they would like to talk to their MP

[John Hemming]

about a housing problem or something else, but they might then be threatened and told that if they try to get help, action will be taken against them.

We have looked at the issue of the accountability of the Official Solicitor, who is basically not accountable at all, not on an individual case basis. We were lucky with the Gilliland case because that is a probate case in open court. Most of the cases are in secret: there is no access to the transcripts, there is no way of challenging the experts' opinions, and there is no independent scrutiny. Often the people involved are quite poor and may not be very bright, and it is a challenge getting accountability in that situation.

The accountability of the judiciary depends to some extent on openness, at least open judgments. There is the issue of article 6 subsection (1) of the European convention on human rights, though some people may not be so enthusiastic about it:

> "In the determination of his civil rights and obligations or of any criminal charge against him, everyone is entitled to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law. Judgement shall be pronounced publicly by the press and public may be excluded from all or part of the trial in the interest of morals, public order or national security in a democratic society, where the interests of juveniles or the protection of the private life of the parties so require, or the extent strictly necessary in the opinion of the court in special circumstances where publicity would prejudice the interests of justice."

There are exemptions to parts of the trial mentioned there, but judgment should be pronounced publicly. What is the basis of banning the mention of proceedings and banning telling MPs about proceedings' existence? How many of those cases do we have?

Looking further into issues of accountability, I will cover two other cases quickly. One is of Rachel Pullen, which is in the European Court. She can be named; there are no problems there. I have a psychiatric report indicating that she does have capacity. The Official Solicitor conceded the case against her when she was told she did not have capacity. I have Husan Pari—a very similar case. The Official Solicitor was appointed in part because an IQ test was given through an interpreter who did not speak the right language. With someone who could speak to her in her own language, she has the capacity to understand the case. She was not allowed to run her own case. I am doubtful about the case I mentioned earlier. The European Court is going to look at two of those cases.

The question is: is the inter-play between the estates of our constitution operating correctly? Obviously, Government Ministers should not be looking at the decisions of judges, but Parliament should, and particularly at the secret courts. Parliament has a role to do that. I have asked for an inquiry into all the secret prisoners we have. There are a number of different types of secret prisoner. There are people such as Matthew Hawkesworth; I cannot work out why he is in jail, but he is locked up. Martin McCabe is an interesting one. His wife, Susan McCabe is living on the continent, having been on the run. He was jailed for driving her to Dover. Susan McCabe's mother, Conservative County Councillor Janet Mockridge, is particularly irate about the situation. She lives in the constituency of the Minister with responsibility for for children, who must know about some of the strange things that get done by the family courts.

Yvonne Goder was jailed in secret for a short while last year. Her committal hearings and various discussions were all held in secret. She believes that three properties were taken from her family. This is a Court of Protection matter. On 17 January 2000, the capacity of her mother Efi Goder-Marsh to manage her own affairs was taken from her and given to her husband, who denies ever getting it. On 26 May 2000, 37 Montague road, Tottenham was sold—this is all in the public records—for £107,000 to George Leonidas of an address in Chingford. On 11 August 2000, 339 Green lanes, Harringay, N4 1DZ was sold for £230,000 to Tracey Emanual of the same address in Chingford. Then 8 Etherley road, N15 3AJ was sold on 18 January 2002 for £195,000 to Southern Territory Ltd, one of whose shareholders was George Leonidas, also of the same address in Chingford. All these properties are going to the same address in Chingford. I have the transfer deeds; each was signed differently by somebody in an illegible manner, claiming to be Efi Goder-Marsh's husband. It looks different and he denies signing them. The documents were all witnessed by somebody in a particular solicitors' firm, with which I am in communication.

Here is the difficulty. As it is a Court of Protection, the person cannot be identified without matters going into parliamentary proceedings. That causes all sorts of problems in terms of investigation. I hope that that will not be a problem in future. She is another secret prisoner; what was the situation there? Why were there secret committal hearings? It is a contempt issue.

Other MPs have cases. The hon. Member for Heywood and Middleton (Jim Dobbin) has been working with me and my hon. Friend the Member for South Norfolk (Mr Bacon) on the issue. He had a situation with a family judge pressuring constituents not to talk to him. My hon. Friend the Member for Carshalton and Wallington (Tom Brake) had a similar problem, with pressure put on his constituents not to talk to him. I hope that my hon. Friend the Member for Wells (Tessa Munt) will be here later to explain a similar problem. My right hon. Friend the Member for Orkney and Shetland (Mr Carmichael) had a constituent threatened over an employment case, who was told not to speak to the MP and that they would suffer at work if they did so. There have been secret meetings with soldiers about weaponry. My hon. Friend the Member for Winchester (Mr Brine) referred to me a case where a housing association had been getting aggressive towards a constituent with learning difficulties, and refused to consider her case because her MP had been involved.

I am not the only one having problems. When I talk to colleagues of all parties, they all find similar problems with the aggressive way in which apparatchiks of the state attempt to ban constituents from talking to MPs. We have judges creating situations where it is made an imprisonable offence to tell an MP that a case exists. I do not think that is right, transparent or accountable.

I would like to thank the Backbench Business Committee, on which I sit, for agreeing to this debate. I am sorry about going on for such a long time, though I do not think I have repeated myself. I thank hon. Members for their forbearance, and hope that Parliament will act in future.

Mr Peter Bone (in the Chair): It might be helpful to say how the debate may proceed. I intend to call the Back-Bench Members who want to speak. I will then go to the Front Bench and, at the end if we have time, let Mr Hemming sum up.

3.27 pm

Paul Flynn (Newport West) (Lab): I am grateful for the opportunity to speak today, Mr Bone. I was about to say that your career has peaked by your elevation to your present job. However, that would not be true, because your career peaked when you were running a business in my constituency. Any move from being a businessman in Newport to a Conservative MP is a descent rather an ascent. However, we wish you well.

The case being presented today is one with which I am familiar. I congratulate the hon. Member for Birmingham, Yardley (John Hemming) on securing the debate. We all listened in fascination to the surprising facts he detailed. I hope that there will be a positive outcome. The Backbench Business Committee has allowed me to have this micro-debate within a debate on a subject of parallel interest, although that might not be obvious. They are, however, connected by the rights and duties of Members of Parliament.

I want to talk about the conduct of our trade representative, Prince Andrew. There are difficulties. I was told on Monday that it might be unfair to say anything that might be derogatory of a member of the royal family, on the grounds that they cannot answer back. Indeed, the person involved has been defended very adequately by both the Prime Minister and the Secretary of State, and he has the 24-hour support of the generously taxpayer-funded royal spin machine working on his behalf. If he is not defending himself, he is being more than adequately defended by others. I believe that he can without any problem defend himself if he so wishes, if he thinks he is being criticised unfairly.

The question of parliamentary convention has been discussed; whether there is a convention that nothing disrespectful or derogatory is said about members of the royal family. There is nothing, as far as I can see, in "Erskine May" on the matter. If there is some spectral convention that we are not allowed to speak on the matter, I believe it should have a stake driven through its heart, and should be buried today. These issues have been debated at great length in the media, in blogs and everywhere else. Why on earth should the only people to have their mouths bandaged into silence on the issue be elected Members? Why on earth should we not be free to talk about this matter, which is of considerable interest and importance? I will be very selective in what I say today. I will certainly not quote the salacious tittle-tattle that has been in the press and I will not quote from sources that appear to be ill-founded rumours. What I want to speak about are the comments made by serious people making serious criticism.

Mr Peter Bone (in the Chair): I am determined that this debate will be as wide as possible, but it does have to be within the framework of the motion before us. It is entirely right for the hon. Member to talk about the convention and whether it should apply, and whether there even is a convention, but we cannot have a long debate on the substance. As I said to Mr Hemming, it is right to mention an individual case in illustration, but we cannot have a debate purely on that subject.

Paul Flynn: I previously had difficulty when I wished to have a debate on the subject of the misrepresentation of the swine flu pandemic by Governments throughout Europe. I was told that I could bring the subject up in a debate on the general issue of health. There is a real problem of order, Mr Bone, because of the view taken by the Backbench Business Committee. I communicated my problems with the previous debate to the Committee, where the previous Chair and the Minister involved did not think that the swine flu issue should be considered in such detail, although that was what was in the mind of the Backbench Business Committee. We are in the area of new procedures in the House and it was the suggestion of the Backbench Business Committee, including the hon. Member who secured this debate, that the debate should be allowed. If it is not going to be allowed, well so be it, but I wish to—

Mr Peter Bone (in the Chair): Order. I have the slight advantage of chairing the debate and also being a member of the Backbench Business Committee. In granting the debate, it was thought appropriate for the hon. Gentleman to speak, but not that there would be a substantive debate in relation to what the hon. Gentleman wants to talk about. He can talk about the principle, but he would have to apply elsewhere if he wanted a substantive debate on what I think he was leading to. I would also say that there is something in "Erskine May" on that.

Paul Flynn: Well, I have looked at "Erskine May". Perhaps we could have a ruling. I believe these are points of order, Mr Bone, between you and me. There is clearly no point in continuing if I cannot have the debate that I applied for. That was the understanding of the Backbench Business Committee. I was clear at the Backbench Business Committee that I wished to raise the conduct of Prince Andrew and the harm that many people believe it is doing. If I am to be denied the chance of doing that, I will end my speech now and apply in different circumstances.

John Hemming: Perhaps the hon. Gentleman could cite an example of something that he thinks should be allowed to be said under article 9 of the Bill of Rights that may not be allowed to be said.

Paul Flynn: I do not know if I can proceed on those lines, because the subject is one of—

Mr Peter Bone (in the Chair): That may well be a point of order. *[Interruption.]* It was. Right. Just to help the House, "Erskine May" states on page 384:

> "Unless the discussion is based upon a substantive motion, drawn in proper terms, reflections must not be cast in debate upon the conduct of the Sovereign, the heir to the throne, or other members of the Royal Family."

Therefore, while it is possible to talk about the principle and the convention, the hon. Gentleman cannot talk about the substantive issue, because it is not a substantive motion on that point. That is my ruling.

Paul Flynn: In those circumstances, there really is no point in continuing. We are clearly in a position where there is censorship on hon. Members discussing an issue of great importance, where our country's interests and business may be damaged. The view of the House, however, seems to be that MPs have a rule of omertà and we cannot discuss it.

Mr Peter Bone (in the Chair): Order. What the hon. Gentleman is saying now is absolutely in order, because he is referring to the principle of whether we should be debating it or not. What we cannot do is actually have the debate.

Paul Flynn: I am grateful to you, Mr Bone. I shall apply to the Backbench Business Committee for a full debate entirely on that subject so that we can test whether the House is under censorship.

John Hemming: Will the hon. Gentleman cite an example of some criticism that he thinks should be allowed to be made?

Paul Flynn: I could, but it would be an unsatisfactory way of conducting the debate. There is a principle involved. Can we, or can we not, discuss the conduct of minor members of the royal family? That is what I want to do. To do it under a device here, where I would be limited to what could be discussed, would seem to be futile. What I want to challenge today—

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): On a point of order, Mr Bone, it might help the hon. Gentleman to know that there is nothing to prevent him from bringing such a matter forward on a substantive motion. The problem is that he cannot do so, according to "Erskine May", in the context of another debate, or other than in the context of a substantive motion. That is a very clear way in which he must proceed if he wishes to carry on with the comments that he wishes to make.

Mr Peter Bone (in the Chair): I say again that the way the hon. Member for Newport West was speaking just now, when he was talking about the principle and the convention, is absolutely what this debate is about. What we cannot go into, because of that convention, is the detail of what he wants to do. By all means, the hon. Gentleman should carry on and talk about the principle and whether he thinks it is right or wrong, but we cannot actually go into the substance because we are not allowed to.

Paul Flynn: I can only describe what the position is, as far as I understood it. I understood that these were new procedures under the Backbench Business Committee. I had an e-mail from my hon. Friend the Member for North East Derbyshire (Natascha Engel), the Chair of that Committee, saying—because I anticipated this difficulty—that she had communicated with you, Mr Bone, and the Minister responsible. I understood that under the new procedures, micro-debates of this kind, which are not entirely within the boundaries of the motion before us, would be allowed. If that is not so, I must seek a further opportunity to debate the matter elsewhere.

3.37 pm

Mr Richard Bacon (South Norfolk) (Con): It is a pleasure to take part in this debate, Mr Bone. I was very keen to do so after discussions with my hon. Friend the Member for Birmingham, Yardley (John Hemming), because of some of the things that he had described about the bullying of constituents. The idea of a debate immediately commended itself to me because of instances in my own constituency. You will be pleased to hear, Mr Bone, that I shall not dwell in great detail on any of them, and also that the particular instance I had in mind was nothing like as severe as those mentioned by my hon. Friend the Member for Birmingham, Yardley.

I had a case where two parents came to see me about their child, who was being bullied in school. The child had an autistic spectrum condition and was also visually impaired. Those were contributing factors to his being bullied at school and the parents wanted me to help to sort it out. On a subsequent occasion, at a meeting with the school, the parents were told that it would probably be better if they did not go back and see me again. Naturally enough, I took umbrage at that, on the same basis as the stories told by my hon. Friend the Member for Birmingham, Yardley. In substance, however, it did not make much difference, because in essence I ignored the school's request, which it had not made to me. I continued to help the parents, continued to advocate on their behalf and, indeed, met with the school. The issue was—how can I put it?—improved, if not fully solved satisfactorily.

The principle of constituents being told that they should not contact Members of Parliament is deeply offensive to me, as I think it would be to most Members. The principle that a court of law should order someone not to contact their Member of Parliament, which I was not aware of until I had detailed discussions with my hon. Friend, is even more offensive. I contend that, according to the Bill of Rights, it is not correct or possible for a judge to make such an order, because the ability of a constituent to contact an MP so that they can help to deal with a grievance, whatever it is, is of the essence—it is fundamental.

John Hemming: Does my hon. Friend agree that making such an order is, in effect, an attempt to interfere with the workings of Parliament by preventing Parliament from obtaining information?

Mr Bacon: Yes, I absolutely would. I am no constitutional lawyer, but my belief is that an English judge trying to make such an order is in contempt of Parliament, which is, after all, a court. I know that people tend to roll their eyes when the subject of the High Court of Parliament is raised, but the fact is that it is a court, and that, ultimately, it has sovereign power in this country.

The subject of parliamentary privilege has been raised on several occasions, and I, too, shall refer to it. The phrase "parliamentary privilege" is particularly unfortunate, especially in the modern world. The word "privilege" has almost entirely pejorative connotations. I prefer to call it the right of MPs to speak up for and defend the British people, which I think is a much better way of conveying what we mean by parliamentary privilege. In my parliamentary career, I have certainly taken advantage of my right as an MP to use parliamentary privilege to speak up for and defend the British people in my work.

A particular case came to my attention because of paperwork that was sent to me by an official in Her Majesty's Revenue and Customs. The dossier showed that people from eastern Europe—criminal gangs, in fact—were coming to this country, getting employment in low-paid jobs and then applying for tax credits. Once the tax credit claim had been made and a British bank

account had been set up for the payments, the fraudsters returned to their home country. They left their employment but continued to receive tax credit payments which were extracted using a cash card in various points east—in different cities in eastern Europe. In some cases, the fraudsters managed to make several thousand pounds, which they used to buy homes in parts of eastern Europe where property is much cheaper: Slovakia, parts of Romania and elsewhere.

When I was sent the information, I thought that it was in the public interest that something should be done, and that that was part of my job as an MP. I have sat on the Public Accounts Committee since I was elected in June 2001. Indeed, my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) was the Chairman of the Committee on the day that I first attended a meeting of it. I have had great concern throughout my parliamentary career for the proper use of public money, and for ensuring that it is not squandered.

I thought that the right thing to do was to make sure that the information came into the public domain, but I was careful to ensure that nothing might be disclosed that would impede any investigation of what was happening, or disclose to anyone how it was that I had come by the information, other than to say that it was sent to me by an official. I certainly did not want to disclose who the official might be. I had his name and mobile phone number on my Blackberry and other information that would have disclosed his identity, but I felt safe in the knowledge that were I simply to send the dossier to the Comptroller and Auditor General at the National Audit Office and ask him to investigate it, things would happen, something would be done and the fraud would be stopped. Indeed, that is what happened.

Imagine my surprise to find that, in doing his job, another MP—a colleague of mine to whom my right hon. Friend the Member for Haltemprice and Howden referred a moment ago—who is now the Minister for Immigration was arrested by the police. That caused me not a little concern. I remember at the time that my hon. Friend's office was ransacked by the police in what I regarded as an unlawful and unwarranted search—in fact, unlawful search and seizure of his possessions and documents—and that his Blackberry was taken away from him. One can imagine what I started to think: what if that happened to me? What if my Blackberry were taken away from me, with the telephone number on it of the HMRC official who had given me important information which I thought it was my job to disclose, in the public interest?

For that reason, I was deeply perturbed by the arrest of my hon. Friend. It breached some important principles. One of the most important is that there has to be a certain amount of agreement. Our political system can operate only if there is agreement between different political actors and parties on certain fundamentals, and one of them is that the Government of the day shall not use the resources of the state to harry and intimidate their opponents. Indeed, I was pleased when Her Majesty's inspectorate of constabulary produced its report, "Review of the Lessons Learned from the Metropolitan Police Service's Investigation of Home Office Leaks", in which it stated:

> "Departments and the Cabinet Office should have the capability to deal with the matter"—

the leaks from the Home Office—

> "and should not have to rely on the police. The smooth running of Government is an understandable concern but not an obvious matter for the police."

When the former chief constable of the British Transport Police, Sir Ian Johnston, undertook his inquiry at the request of the Government, he also found that the actions of the Home Office and of the police had not been proportionate. He said that the leaks amounted to embarrassment for the Government but did not threaten national security.

The whole case was peculiar to anyone who had followed the legislation in the late 1980s which put the security service on a statutory basis and separately redefined the law of official secrets. A significant purpose of the legislation was to remove from the ambit of the criminal law whole swathes of Government information, so that the wrongful disclosure of information by an official to someone else would not itself be a criminal act but would be a civil matter that would be dealt with under the law of employment contract. That was a welcome development. One would not have expected that disclosures of the kind that were made could possibly have led to an arrest for potential criminal action because there was no criminal action, as was subsequently shown.

I certainly would not have expected to have the police knocking on my door, looking for papers, because of what I had been doing in respect of the tax credits fraud committed by people from eastern Europe. Following the scandal of the arrest of my hon. Friend the Member for Ashford (Damian Green), I hope that we have taken a step back and recognised more rightly where the parameters should lie.

John Hemming: Would my hon. Friend agree that as the legislation aimed to protect whistleblowing, given that MPs are the whistleblowers of last resort, there should be greater protection of disclosures to MPs?

Mr Bacon: I absolutely agree. The role of an MP is to be an advocate of last resort. We all know that people come to us when they do not know where else to turn. Sometimes, sadly, they come to us too late, when there is nothing that we can do. Sometimes we see in our surgeries cases about which we think, "If only they had come a bit sooner, we might have been able to act." I had that happen with a farmer in my constituency who had been made bankrupt by the time he came to see me, by which time it was too late to do anything for him. My hon. Friend is absolutely right. Because of the nature of an MP's work, and the nature of the contact between a constituent who has a grievance and the MP, we should get extra protection.

I mentioned that I would speak about parliamentary privilege, or the right of MPs to speak up for and defend the British people. A quite different case involved an approach made to me by people who were concerned about what was happening at the Manchester College of Arts and Technology, or MANCAT, as it is better known. They approached me in my capacity as a member of the Public Accounts Committee and because of my known predilection for detestation, if one can have a predilection for detestation—my known dislike of the waste of public money might be a better way of putting it.

[Mr Bacon]

The case involved MANCAT, which has subsequently merged with City College Manchester, and basically concerned investigations into management practices which had been hampered because MANCAT officials were alleged to have destroyed auditable documents and had reached financial settlements with certain ex-members of staff on the condition that they signed confidentiality agreements—gagging clauses—in their settlement agreements, which were obviously paid for with public money.

The point at issue was that staff felt that they were under pressure from the college to falsify student attendance registers and other funding-related paperwork in order to enable MANCAT to claim extra money from the then Learning and Skills Council. Indeed, one witness was planning to explain the extent of the malpractice at an employment tribunal where she had been in the process of seeking redress for constructive dismissal, but she was offered a financial settlement with a gagging clause, so she could not easily take the matter further.

As a result of the privilege granted to Members of Parliament, I was able to draw those matters to public attention in two Adjournment debates over a period of months. *The Guardian* later wrote an article on 27 January 2009. It was headed, "College faces fraud claims" and sub-headed, "A Manchester institution stands accused of altering registers to claim extra funding, reports Andrew Mourant". In my view, and I suspect in the view of most hon. Members, such matters should be brought to public attention. My point is that that would not have been possible without parliamentary privilege and the right of Members of Parliament to speak up for and to defend the British people. That is why I feel so strongly about the matter.

Mr William Cash (Stone) (Con): I totally and absolutely endorse what my hon. Friend is saying. I was much involved in the Damian Green affair—

Mr Peter Bone (in the Chair): Order. I am sorry to interrupt the hon. Member. I know that we sometimes refer to the Damian Green affair, but we should refer to the hon. Member for Ashford.

Mr Cash: I accept your point, Mr Bone, and will refer to the matter of my hon. Friend the Member for Ashford (Damian Green). Does the Minister worry that there are moves afoot to adjust, in the light of political correctness, the so-called role of the Member of Parliament and degrade it? Are they not missing the biggest wood for the biggest trees by not realising that the Member of Parliament, who is elected by voters and who, if given privilege and using it responsibly, is the best possible defence for the right of the individual to obtain the protection that they need through that privilege, not for our sake but for theirs?

Mr Bacon: My hon. Friend is absolutely right, and that is why I labour the point that "privilege" is an unfortunate word. It is better to speak of the right of Members of Parliament to speak up for and to defend the British people, because that is what we are talking about. My hon. Friend is right that those who want to chisel away at the rights of Members of Parliament are chiselling away at the rights of the British people.

At the time of the arrest of my hon. Friend the Member for Ashford, I received a number of e-mails from people who were under the impression that I, as a Member of Parliament, thought that some people, including Members of Parliament, should be able to break the law, and that we were somehow above the law. That was another aspect of the unfortunate phrase, "parliamentary privilege", because that is how they had understood it. It surprised me—I had always understood it in the terms used by my hon. Friend the Member for Stone—to realise that the majority of people had put a completely different connotation on it. My hon. Friend the Deputy Leader of the House is listening to this debate, and perhaps Parliament should consider the whole question of what we call such things. It is misleading, and it is important that we understand what we are talking about.

One of the stupidest things I ever heard a journalist say was when someone was defending *The Daily Telegraph* sting, when Members of Parliament were secretly recorded in their surgeries. I thought that that was an outrage, as did many other people, including many in the media who thought that it was a step too far. I did not catch the journalist's name, but when trying to defend the sting he said on the radio, "Well it's not exactly the confessional." I remember thinking at the time, as I shouted at the radio, as we sometimes do, that that is exactly what it is.

All Members of Parliament know that it is a fairly common experience for people to come to our surgeries and to burst into tears. Last time that happened to me was the week before last, not last week, but two weeks ago. It happens quite frequently, because when dealing with constituents, we are often dealing with them as an advocate of last resort when they have nowhere else to turn. Sometimes they come with a supporter—a friend—to help them, because they do not know whether they will get through it and whether the Member of Parliament will be helpful or a scary and intimidating figure of authority.

I have had people come to see me who looked completely balanced and calm, and in full possession of their faculties, only to discover when I said the wrong thing that I triggered a wave of emotion about things that had happened to them. From being perfectly collected, the constituent would suddenly break down in tears. It is exactly a confessional. I can think of a range of hypersensitive cases at my surgeries involving child custody, marital breakdown, allegations of paedophilia, armed robbery, allegations of corruption, and so on, and other hon. Members will have had similar experiences. Our ability to help people in desperate situations is what we want to protect.

Mr Cash: Does my hon. Friend accept that journalists are liable to be at the rough end of this, because of certain aspects of investigative orders, European arrest warrants and so on? Here we go again on the European issue. The plain fact is that the defences that are available through Members of Parliament to protect the public include invasion from external legal requirements that are imposed on us and undermine our ability to carry out our duties. That includes the Bill of Rights and a whole raft of other things. People may find that funny, but it is deadly serious, and the more they laugh, the more stupid they look.

Mr Bacon: I would never say of my hon. Friend, "There he is, going on about the European issue again", and I certainly do not intend to do so today. He is right. What exercised me most in the recent debate that the Backbench Business Committee held in the main Chamber on prisoners voting was not whether prisoners should have a vote but, as my right hon. Friend the Member for Haltemprice and Howden said in that debate—sadly, he is not in his place at the moment—the second of the two main points at issue. The first was whether prisoners should have a vote; the second was who should decide. As he pointed out at the time—I subsequently read the judgment of the European Court of Human Rights—the court misinformed itself. It said things in its judgment about why it thought prisoners in the UK should have a vote that were factually inaccurate. I have a lot of sympathy with what my hon. Friend the Member for Stone says.

I do not want to detain the House much longer, except to say that, as my hon. Friend the Member for Birmingham, Yardley said at the outset, if Parliament is blinded or deafened by the acts of others, it cannot see or hear all grievances, and it is very clear from the Bill of Rights that one of our purposes is to be able to see and hear all grievances—I emphasise "all grievances"—and to do something about them. If Parliament cannot see or hear all grievances, it cannot seek to remedy them.

The whole development of English constitutional thought owes a great deal to the word "remedy". The history of administrative law in this country and how it has grown over the past 300 years shows that the seeking of a remedy was the point at issue. When our constituents come to us with a grievance, they are seeking a remedy. The connection and the relationship between us and our constituents is a sacrament. It is something that we must work hard to protect; it is not something that we can take for granted. We must uphold it, cherish it, and protect the right of Members of Parliament to speak up for and to defend the British people.

3.58 pm

Mr William Cash (Stone) (Con): I had not intended to speak in this debate. Tomorrow we have a debate on the Floor of the House on parliamentary sovereignty, an issue on which I have spoken several times in this Chamber, which is the best means of expressing views that sometimes get lost in the House, with all the restrictions on debate that are imposed on Members of Parliament through the wilful use of programming. I wait with enormous interest to hear what the Deputy Leader of the House has to say.

I alluded to one aspect of this matter just now; I have spent some time taking an interest in the principles that hinge on the question of a Bill of Rights. I am all for a Bill of Rights, but the question is: which one? Similarly, on the question of the rule of law: which law, whose law, and who is going to enforce it?

Eventually, one returns to a question that I am sure exercised those who devised the original Bill of Rights in 1689, which as it happens was never incorporated in an Act of Parliament. Nevertheless, by convention, and therefore by custom, that statement was enforceable in its own fashion, and deals with some fundamental matters. I want to know exactly how, in the context of the review set up by the coalition Government, matters concerning the proposed new Bill of Rights will be tackled. I may be unduly suspicious, but I want to know whether the Bill of Rights will enhance and increase the rights of the people of the United Kingdom. That point will emerge in due course and perhaps the Deputy Leader of the House will be in a position to tell us when he responds to the debate this afternoon.

One difficulty is that, as I conceive it, the Bill of Rights would not withstand measures such as the European arrest warrant, investigative orders and powers of entry. We heard about such matters in a debate the other day on the so-called Protection of Freedoms Bill, and about the problem of the rulings by the European Court of Human Rights. Fairly recently—I think it was 11 March 2010, almost exactly a year ago—the Lord Chief Justice made a speech to the Judicial Studies Board. He said that judges were interpreting Strasbourg precedents in such a way that they were applying them as if they were UK law. The concerns of the Lord Chief Justice were encapsulated by his warning, "We must beware." Those are the words he used and he was talking specifically to the judges. I want to know that the Bill of Rights, which includes, or is associated with, matters as important as habeas corpus, will be retained. If such things are to be given renewed constitutional primacy, they must be absolute and not a sub-text of a European legal system that overrides them.

Two days ago I attended a European Committee with the Lord Chancellor, a man I greatly respect. We have totally different views about these matters, but we should not think that he does not understand that the arguments I present must be answered. That is why he came to the Committee. He was talking about the charter of fundamental rights, which is directly related to the issue of the Bill of Rights. If we have a Bill of Rights, will it be superior in some fashion to the European treaties and to the European Communities Act 1972, which incorporates the protocol for the charter of fundamental rights? If people do not understand that matter, they should start reading the material. There is no point in pontificating about a Bill of Rights if we do not understand the hierarchy of laws. That hierarchy says that European Community law comes first and is enforceable by the European Court.

When the Lord Chancellor says, "Oh, nothing has changed; we had a discussion on the Lisbon treaty and a lot of people got it all wrong", I am bound to point out that he voted for the Lisbon treaty and for the charter of fundamental rights—unlike the Conservative party—and he voted against the referendum. I am not criticising him for that; I respect him for it. That is his right. However, one provision in the Bill of Rights is the right of free speech, including in the House of Commons and elsewhere. It is similar to the question about privilege, or about how the rights of people in this country are expressed through the rights of their Member of Parliament, to which my hon. Friend the Member for South Norfolk (Mr Bacon) so rightly referred.

If we are to talk about a Bill of Rights, let us get the hierarchy right. I do not want a public relations job done on that, or any Government spin or spivvy attempt to convince the British people that they are getting something that they are not getting. Let us have it out; let us know that this is the supreme law of the United

[Mr William Cash]

Kingdom, and not something churned out to give people the impression that they are getting something when they are not.

I want to know what the relationship will be between the Bill of Rights and the European convention on human rights, and between the Bill of Rights and the charter of fundamental rights. Therefore, I have two simple questions. At its apex, will the Bill of Rights be supreme in UK law, enforceable and enforced by the Supreme Court, as against, contradictory to and, if necessary, inconsistent with the European Court, and the assertions of certain members of the Supreme Court that they have ultimate authority? Will that be the case notwithstanding the European convention, the charter of fundamental rights and the European Communities Act 1972 and all treaties under that? If the Bill of Rights is to be effective, I want it to be a real Bill of Rights and not simply a rather obscure version of an amalgamation of those other charters and conventions. At the moment—I do not know whether the Deputy Leader of the House knows this—chapter 3, I think, of the Lisbon treaty sets out, in article after article, the source and derivation of the charter of fundamental rights. In terms of derivation, there is the United Nations this and the European Court of Human Rights that. There is a list of sources, and I trust the Minister has it with him so that he will be in a position to answer my question. Which legislation will have superiority?

John Hemming: One topic that has been at the top of media issues recently is the development of the law of privacy. A number of us share concerns about that, and I am interested in the hon. Gentleman's views.

Mr Cash: My views are very strong indeed. I can reasonably claim to have been the progenitor of the Calcutt inquiry, because some years ago I tabled an early-day motion that attracted more than 300 signatures and called for an Act on privacy, which would have been a tort, and ensured that the ordinary citizen had the right to privacy compared with those in the public eye. I distinguished matters of interest to the public from those genuinely in the public interest, and that subject remains a matter of deep concern.

It is also true—here I make a concession—that article 8 of the European convention contains a right of privacy, but my answer to that is not that I have any objection to the rights of privacy that are now in that convention. The question that is far more important than any other, in my view, is this. Why should people assume that we need a European convention? By the way, we drafted the convention for the purposes of—shall I put it delicately?—helping other countries to understand that there were rights that might be usefully employed in their own countries. There, we were helpful, but what is to prevent us from legislating, from passing laws, on our own terms, through our own elected representatives, that provide the kind of rights that otherwise are provided under things such as the European convention or the charter of fundamental rights? In other words, will this law be indigenous? I look at the Deputy Leader of the House deliberately at this point. Will it be, to use a slightly unusual expression, an autochthonous United Kingdom law or will it be a dependent law? Will there be a surrender to the so-called universality of law, or will it be something that is modelled and devised by the British people, for the British people, given that we are able to claim that we have been the defenders of liberty and freedom throughout the world for a very long time?

Last night I was at a dinner at which people were discussing the future of conservatism. I had the temerity—I think some people were quite glad—to mention Edmund Burke. I do not have the whole quotation at hand, but he wrote very clearly about the fact that there are no discoveries to be made. We have already understood, as he put it, what is a proper kind of freedom. That compares with Thomas Paine's "Rights of Man", which was an entirely abstract and in the event utterly destructive approach, adopted, as it happens, by the French revolutionaries with dreadful consequences.

Our rights and freedoms are based on practical experience, not on theory, so some of us get a little amused, if not bored, by people who make certain assertions about those of us who are interested in having referendums or, for that matter, insisting on the sovereignty of the United Kingdom Parliament when all we are doing is seeking to ensure that the rights that are conferred on the British people and the legislation that is passed are consistent with what the British people in general elections, rather than coalition agreements, have actually agreed to do. That is my template: if I have made a promise to my constituents, I intend to stick to it. I also think that it is good for our democracy that people should be able to accept that the promises made in general elections are carried through.

I do not want in any way to prejudge, and I do not think that I have said a word today to prejudge, what the Bill of Rights will contain or what the new commission that has been set up will come up with, but I have taken this opportunity, at very short notice, to try to set out, very simply, the principles on which that entire judgment must be made. First, foremost and exclusively, not partially, it must be based on the Bill of Rights being supreme in terms of the law applied to the people of this country through our courts and notwithstanding any other legal systems or legal requirements, whether emanating from the European Community, the European convention on human rights, the European Union or any other source. That must be the case if the Bill of Rights is to mean anything. We are not an island in the sense that we are exclusively unaffected by other parts of the world, but we do have the right to determine our own jurisdiction and the right to determine it through this Parliament. Because we are elected by the voters of this country, we can insist that the Bill of Rights is indigenous to this country and not dependent on some other hierarchy of law.

4.14 pm

Helen Jones (Warrington North) (Lab): It is a privilege to speak under your chairmanship, Mr Bone. This has been a very interesting debate. I congratulate the hon. Member for Birmingham, Yardley (John Hemming), the other hon. Members in charge of the debate and the Backbench Business Committee on bringing it about, because it raises fundamental issues about the role of Members of Parliament and about Parliament itself. As hon. Members rightly said, the rights and privileges of Parliament exist not to provide protection for MPs merely, but to protect the rights of their constituents. In

that sense, articles 9 and 13 of the Bill of Rights are complementary. We all know, and the hon. Member for Birmingham, Yardley quoted clearly, article 9, which states that

"the Freedome of Speech and Debates or Proceedings in Parlyament ought not to be impeached or questioned in any Court or Place out of Parlyament."

Article 13 makes it clear that one purpose of holding frequent Parliaments is to be able to redress grievances. In other words, Parliament is here not just to make laws, but to address the grievances of Members' constituents—the two are part of the same thing.

Mr Cash: I do not want to take the hon. Lady into a great dialogue on this; I will simply ask her a question. Is she as confident of what she has just quoted in the light of the judgment in the Jackson case, in which several members of the Supreme Court questioned the extent to which they had ultimate authority and said that parliamentary sovereignty was being qualified? They used those words, and many more besides.

Helen Jones: If the hon. Gentleman allows me to proceed a little, perhaps I can touch on the issues that he raises, but I want to keep my remarks to the subject of the debate.

One reason why becoming a Member of this House confers huge privileges on us all is that it enables us to act on behalf of our constituents. To be able to do that effectively, as several hon. Members have said, Members of Parliament must have access to information. A number of cases have been raised today, and many of us have had experience of hospitals, schools sometimes and councils trying to deny hon. Members the information that they request. In my experience, that is normally fairly easy to deal with, although the cases involving the courts are much more complex. I hope to be able to come to those in a moment.

Hon. Members know that they must use the protection granted by parliamentary privilege sparingly and not for their own advantage, but use it they must if it is necessary to right a wrong or to get justice for a constituent. Since I came into the House, I have seen a number of examples of hon. Members rightly taking up issues on behalf of their constituents and using parliamentary privilege to do so, because that is the only way to get something done.

If I may speak anecdotally, I have had experience of that myself. Not long after I came into Parliament, I felt it necessary to initiate an Adjournment debate about a charity that I felt was not operating properly. I came under huge pressure from the people running that organisation, but I felt that it was necessary to do that and to use parliamentary privilege to do it, because I believed that the people who were supposed to be being looked after by that organisation, many of whom suffered severe learning difficulties and did not have friends or family to speak up on their behalf, were being done out of their rights. Many other hon. Members will have come across cases such as that. At some point or other, we have all known of constituents who have been told that they cannot or should not approach their Member of Parliament. I say gently to the hon. Member for Birmingham, Yardley that I have known councils and public bodies tell people that, and he must have known of it, too. I have also known Liberal Democrat councillors tell my constituents that they should not come to see me.

A case can probably be made for educating people, but we certainly need a clearer definition. Indeed, the rights of Parliament need to be made clear to many who work for public bodies. In these circumstances, I normally find that a fairly stroppy letter from me—I can write very stroppy letters when I need to—usually puts the matter right. However, some of the cases that we have heard of today are much more serious.

We have to face up to the difficulties of interpreting article 9 that arise simply because of its age. Parliament has developed and changed since 1688. It would be strange if it had not. We now live in a multi-media age, which covers aspects of communication that were not known when the Bill of Rights was drafted.

Many Members would be surprised to learn the limits of parliamentary privilege. For that reason, a review of parliamentary privilege was undertaken by a Joint Committee in 1999. The Committee drew attention to the fact that although Members are not exposed to any civil or criminal liabilities in respect of what they say and do in the course of proceedings in Parliament, there is no comprehensive definition of what "proceedings in Parliament" covers. Equally, there is no proper definition of what constitutes a place "out of Parliament". That needs to be tackled.

It is generally accepted that proceedings in Parliament are covered by the formal proceedings of the House and its Committees and any documentation directly associated with those proceedings, but there are grey areas around that, as the hon. Member for South Norfolk (Mr Bacon) noted about the documents that he had received. The Committee said that article 9 needs clarification. It clearly does, in light of Members' experience and given what we have heard today.

Mr Bacon: Does the hon. Lady agree that in so far as article 9 needs to be clarified, it should be undertaken in such a way as to expand and strengthen the role of Members of Parliament rather than in any way inhibit or constrict them?

Helen Jones: The hon. Gentleman touches on an important point. I am a great defender of this House and of Members of all parties having the right to carry out their functions properly. Any review should strengthen the work of Members of Parliament, not undermine it.

The Committee believed that the general principle of article 9, which prohibits the examination in any court of parliamentary proceedings, should be confirmed. It also believed that three exceptions should be made to that general principle. That is something that the House will have to consider in due course.

First, the Committee believed that nothing in article 9 should prevent proceedings in Parliament being examined in court in so far as the examination related to the interpretation of an Act of Parliament or subordinate legislation. That would enshrine in statute the decision of the court in the case of Pepper *v.* Hart; that case made many Ministers much more careful about what they said in Committee and on the Floor of the House, because their words could be used to help the courts consider what purpose Parliament intended for an Act.

[Helen Jones]

Secondly, the Committee suggested that nothing in article 9 should prevent parliamentary proceedings being used in court for the purpose of judicial review, or in other court proceedings where a Government decision was a material factor. That is not to question the decision itself; again, it is about interpreting the decision.

Thirdly, the Committee believed that courts should be able to examine parliamentary proceedings when there is no suggestion that anything forming a part of those proceedings is untrue or misleading, and—the "and" is very important—there is no question of legal liability.

I suspect that these recommendations, especially the last, will provoke hours of debate when we come to the privilege Bill, but other matters will probably need to be considered as well. The first is the status of Members' correspondence, particularly that between Members and Ministers about constituency cases or proceedings before Parliament. At the moment, that is not covered by privilege. As we do more and more of our work through correspondence—not everything is done on the Floor of the House, as it was in 1688—the House will need to consider carefully how to deal with it.

The second matter is correspondence with Members of Parliament, a subject raised by the hon. Member for South Norfolk. It is clearly difficult to get the drafting right in such cases. Taking the two extremes, one wants to protect genuine whistleblowing and disclosure without protecting those who write to accuse their neighbours of all sorts of crimes but who have no evidence.

The third matter that we shall have to deal with is defining proceedings in Parliament that are placed "out of Parliament", and the replacement of section 13 of the Defamation Act 1996. The Joint Committee recommended a new procedure, allowing the House to waive article 9 in appropriate circumstances. Again, that allows Members to defend themselves in defamation proceedings, and we have seen cases like that in past years.

There are serious matters to be considered. I know that the hon. Member for Birmingham, Yardley has already had a case referred to the Standards and Privileges Committee, in which a law firm was held to be in contempt of the House for telling him not to repeat something in the House. I confess that I do not understand how a firm of lawyers could ever draft a letter suggesting that; it is first-year law stuff. It seemed to take the firm an awfully long time to discover its error, but in the end it apologised unreservedly to the House.

The hon. Gentleman and others raised various important matters. One is that in order to redress grievances Members of Parliament need access to information. The hon. Gentleman was right to say that the family courts are opening up, and that information can be given to Members of Parliament with the agreement of the parties concerned, but it is often not recognised. Another problem, when minors are involved in proceedings, is the question of who is able to give consent on their behalf. There is also the question of bullying constituents, and Parliament needs to consider that very carefully. As I said earlier, such matters are often dealt with swiftly; but if they go beyond that, Parliament needs to consider carefully people's right to consult their MP.

John Hemming: Does the hon. Lady agree that if Parliament were to show some willingness to act in one or two cases, it might result in a shift of culture?

Helen Jones: First, Parliament needs to define what it wants to do. The question of privilege is complex. Although I might disagree with the hon. Gentleman on numerous issues, I would defend absolutely the right of any of his constituents to consult him whenever they wished to do so, as I would for any other Member of this House.

Another matter of concern was raised today—the role of the courts and of court orders when the preamble to the order or the order itself prevents people from speaking to their Member of Parliament. That is a serious issue, which the House needs to consider in some detail. Like the hon. Member for South Norfolk, I have great concern about whether such an order can stand in law. None the less, I understand that in some cases, particularly family cases, the pressure is on people to agree to such a preamble.

The hon. Member for South Norfolk asked how information coming to MPs should be protected. Many of us remember the case of Clive Ponting, who was tried for giving out information about the sinking of the Belgrano. His defence was that he had given the information to a Member of Parliament.

Mr Bacon: I remember the case very well because I wrote a book about it. Unfortunately, I was not able to persuade a publisher to publish it, but that is another matter. When my papers are published, it will come out. Ponting's defence was that he communicated the information to a person to whom it was, in the interests of the state, his duty to communicate it. That was the point; not that it was a Member of Parliament, although it was, of course, the marvellous Tam Dalyell to whom he communicated it.

Helen Jones: I had not quite finished my sentence, but the hon. Gentleman is right; Ponting said that it was in the public interest to communicate the information. Whether or not that defence was sound, the jury simply refused to convict him.

Mr Cash: This is, of course, related to the proposed parliamentary privilege Bill to which the hon. Lady has referred. The Duncan Sandys case turned on the question of proceedings in Parliament. It was clear that there was a total and deliberate breach of the Official Secrets Act and that that, in itself, was in the public interest because Whitehall, or the Defence Department at the time, was correctly alleged to have been misleading the House of Commons. There are cases, therefore, in which a breach of the criminal law and the Official Secrets Act can be justified on the grounds of parliamentary "privilege". I mention that as a good example.

Helen Jones: The hon. Gentleman makes a point, but the public interest defence in all these cases is the one that is usually used.

I cannot comment on some of the individual cases that were raised today because I have no personal knowledge of them. None the less, they are serious matters that deserve to be addressed. We have all encountered people who do not want to answer MPs, or

who just want to send a brush-off answer. In minor cases, I find that a nice letter from me saying that if they do not answer me, I will just table questions in Parliament and they will have to answer anyway sorts it out. However, we have heard about much more serious cases where there is a refusal to recognise the representative role of a Member of this House acting on behalf of a constituent. I will be interested to hear what the Deputy Leader of the House has to say about that.

Article 9 exists to facilitate article 13; the two are inextricably linked. There is no doubt that we need to clarify the scope of privilege and the rights of Members of this House. Concerns have already been expressed about the way in which some legislation might be eroding those privileges. Although the Government disagreed with this, the Clerk of the House raised concerns about the Fixed-term Parliaments Bill and how it could bring proceedings in Parliament into the ambit of the courts. Similar concerns were raised about the Parliamentary Standards Act 2009. Moreover, there were issues about putting lay members on the Committee on Standards and Privileges and whether they would be able to vote on matters relating to privilege.

As Parliament has expanded its role, a load of issues have emerged that need to be clarified. We look forward to the publication of the draft parliamentary privilege Bill. I hope that the House will be given sufficient time to consider the matter seriously. We have to get it right not just for ourselves but for future Members of this House. It is not a party political issue but about getting the workings of the House right and about the privileges that need to be accorded to hon. Members to allow them to do their job.

I hope, too, that when the Bill finally comes before the House, we get sufficient time to examine it and, if necessary, to amend it. If we do not give proper consideration to this matter and ensure that the drafting is right and that Parliament works properly on behalf of the people we represent, we will be failing not ourselves but our constituents, and that is the important point that has been raised in this debate. I look forward to a proper examination of that draft Bill and to hearing the Deputy Leader of the House's response.

4.35 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): I am pleased to see you in the Chair this afternoon, Mr Bone. Let me start by congratulating my hon. Friends the Members for Birmingham, Yardley (John Hemming) and for South Norfolk (Mr Bacon) on securing this debate. This is the second time in recent weeks that I have participated in a Westminster Hall debate that was initiated by the Backbench Business Committee. I am also grateful to the hon. Member for Warrington North (Helen Jones) for her comments, most of which I entirely agreed with. As she said, this is not a party political issue; it is a matter of Parliament standing up for the privileges of our constituents, who are so important to our process.

The debate has focused largely on the right of constituents and others to approach their own MP to share information with them lawfully, without fear of reprisals, and the right of hon. Members, having received that information, to raise any matter in the House, without fear of legal action. It is those two issues that I wish to address this afternoon. References have been made to specific cases during the course of the debate. Like the hon. Member for Warrington North, I do not propose to comment on them today, as it would not be proper to do so in a general debate of this kind. In particular, I am mindful of the risk of contravening the House's resolution relating to matters sub judice, and I know that hon. Members will understand why I will exercise extreme caution in everything that I have to say about the relationship between this House and the courts.

Article 9 of the Bill of Rights applies only to proceedings in Parliament, and its protection is absolute. The meaning of "proceedings" in this context is open to interpretation, but the House has never sought to assert that it should apply to dealings between Members and their constituents or other members of the public. My hon. Friend the Member for Birmingham, Yardley asserts that it should and I am simply stating the fact that it never has. However, the courts have regarded the communication of information to a Member of Parliament by a constituent as enjoying qualified privilege at law. Similarly, a Member who passes on a constituent's concerns in good faith to the proper authority, such as a Minister, will not be protected by parliamentary privilege, but is likely to be protected by qualified privilege. Qualified privilege provides protection in certain situations where a person, acting in good faith and without any improper motive, makes a statement about another person, which is in fact untrue and defamatory. According to the case of Adam *v.* Ward in 1917, qualified privilege arises in situations where

"the person who makes a communication has an interest, or a duty, legal, social or moral, to make it to the person to whom it is made, and the person to whom it is made has a corresponding interest or duty to receive it."

That point was clearly made during the debate. There are other cases, such as Rivlin *v.* Bilainkin to which my hon. Friend the Member for Birmingham, Yardley referred, where the courts held that it was not lawful for a person to pass on information if they were not seeking to bring to the attention of a Member of Parliament something which was his duty to pass on to another authority, but was simply making a point. In that case, a woman was making a point about her former husband, and it was held that that was not proper use of the facility and did not benefit from the qualified privilege that would otherwise apply.

The issue of passing on correspondence to a Minister is important and it was referred to by the hon. Member for Warrington North. As I have said, at the moment that does not have absolute privilege—parliamentary privilege—but it has qualified privilege. However, there is the very important case of Beach. In that case, an MP passed on a constituent's letter that complained about a local firm of solicitors to two third parties, the Law Society and the Lord Chancellor, and the firm of solicitors took action for defamation against the MP. The court held in that case:

"1. MPs have an interest in receiving correspondence from constituents bringing matters of concern to their attention;

2. MPs have a consequential interest or duty in "passing the complaint on to the proper quarter";

3. The Law Society and the Lord Chancellor both had an interest in receiving complaints about the conduct of solicitors;

4. Consequently, a qualified privilege was made out in this case which acted as a bar to an action for defamation".

[Mr David Heath]

That is a very clear illustration of where qualified privilege assists an MP in the exercise of their proper duties and in the sort of action that we would expect any hon. Member of this House to take on behalf of their constituents.

Helen Jones: The Deputy Leader of the House is quite right about the case that he has just quoted. However, does he think that it is now time to consider whether an MP who is carrying out their proper duties should be subjected to a case in court and have to defend it with qualified privilege, or should we consider enshrining privilege in statute?

Mr Heath: I am certainly open to the suggestion that we should consider that issue as part of the privilege Bill that we intend to introduce. I will discuss that Bill in a little while.

Mr Cash: What the hon. Lady has just said raises the question of who would actually interpret the statute. So we are back to the courts in that event. What we need to do is entrench a procedure into the privilege Bill, when we pass it into law, that might, for example, prevent such a case being taken to court, or that at least would ensure that if the case went to court a judge would have a kind of pre-trial opportunity to consider it. It is probably a procedural question, but we cannot avoid the fact that even if privilege is put into statute it will still be open to interpretation.

Mr Heath: I think that we would be in the same position that we are in now, with the present interpretation of the absolute parliamentary privilege that we enjoy in the comments that we make in this House. I do not see that there would be any difference if we were to extend our statutory interpretation of proceedings to include correspondence in the way that the hon. Lady suggests. However, let me not attempt to pre-empt a serious debate that will inevitably need to happen in preparing the statute on which this Bill will be based, both in terms of the pre-legislative scrutiny and then our scrutiny of whatever is proposed.

John Hemming: I may not be right but I am thinking of the Strauss case, which was about a letter from a Back-Bench MP to a Minister about cables. I believe that at the time the Standards and Privileges Committee recommended that the House should consider that case to have privilege, but the House voted—albeit not unanimously—not to treat it as being privileged.

Mr Heath: My hon. Friend brings me on to a very important point about the attitude of the House to date. He is eager to change that attitude, but the House has not yet shown a predilection, to use his own word, to do so, because in the past the House itself has not regarded attempts to interfere with or to frustrate a constituent's communication with their MP as a breach of privilege. "Erskine May" records cases where threats have been made against a constituent by his employer in respect of communications with the constituent's MP and either the House has declined to refer the matter to the Standards and Privileges Committee or the Committee has found that the actions alleged did not amount to a breach of privilege.

My hon. Friend addressed the situation in Australia, where the position in the state of Victoria is slightly different from that here. There was a 2006 case in the Parliament of Victoria, in which the Parliament upheld a privilege complaint from Michael Leighton, the Member for the electoral district of Preston. In that case, the complaint was that a constituent who provided information to Mr Leighton relating to an issue that he had previously raised in the Parliament later received a solicitor's letter threatening legal action if Mr Leighton repeated certain allegations in the Parliament. That illustrates that there might be particular circumstances in which interference with communication between an MP here and a constituent might be regarded as a contempt of the House, although it does not demonstrate that communications between MPs and constituents should generally be regarded as being protected by parliamentary privilege.

However, there are two points that we must remember about the Victoria case. First, the threat to take legal action against the constituent was specifically in respect of any allegations that might be repeated by the Member in the Parliament of Victoria and it was therefore an indirect attempt to constrain the Member's freedom of speech in the Parliament. I have to say that that bears some level of similarity with my hon. Friend's case against Withers, where the House acted quite properly in his defence, or perhaps it would be more correct to say that it acted in defence of his constituent.

The second point, or rather the second difference between the situation here and the situation in Australia, is quite important in the context of this debate. It is that parliamentary privilege in Australia is defined in the Parliamentary Privilege Act 1987, so Australians do not rely on the Bill of Rights as we do. In addition, there is a definition of "proceedings" in that Act, which is

"all words spoken or acts done in the course of, or for the purposes of or incidental to, the transacting of the business of a House or of a committee."

I think that my hon. Friend is arguing that we ought to have some similar provision here and we will need to look at that issue when we consider the matter of parliamentary privilege more widely.

Mr Bacon: I am listening with great interest to the Deputy Leader of the House. There is an article 13 point here, which is that the Bill of Rights says that Parliament should "frequently" meet

"for redress of all grievances".

Is it not an axiom of that, in effect, that Parliament can only do its job of redressing "all grievances" if MPs know about "all grievances", and therefore that communications that are intended to ensure that MPs do know about "all grievances" are inherently bound up with the Bill of Rights?

Mr Heath: I hear what the hon. Gentleman says and I have some sympathy with what he says. However, I have some difficulty with the interpretation of article 13 of the Bill of Rights. I say that not as a constitutional lawyer, but as someone who is making the simple observation that article 13 of the Bill of Rights is headed, "Frequent Parliaments", and therefore it seems

to me to that article 13 is inherently about the frequency of Parliament rather than the reason for holding Parliaments frequently, which is

"for redress of all grievances".

It is the emphasis within article 13 of the Bill of Rights that I am addressing. Having said that, we are talking about a 1688 Act and it would be very surprising indeed if it was construed in 1688 in exactly the same way that modern eyes construe it. Therefore, I do not want to replace centuries of jurisprudence on the subject with my lay observations today. However, I hear what the hon. Gentleman says.

I want to move on to Parliament and the courts, because a lot of what my hon. Friend the Member for Birmingham, Yardley had to say was about the relationship between Parliament and the courts. Yet again, I enter the caveat that as a member of the Executive I need to be careful about what I say about that relationship and I hope that hon. Members will understand that.

My hon. Friend the Member for Birmingham, Yardley referred to circumstances in which parties to court proceedings are forbidden to talk about them, either because of a specific injunction to that effect or, as in the case of certain family court proceedings, because proceedings are conducted in private, for example in the family court or the Court of Protection. That would not prevent a Member from raising in the House matters that it would be a contempt of court to raise elsewhere. We saw that in the recent Trafigura case, in which I had an interest. I was clear about what Parliament's position should be, and I am happy that that was supported by others. If proceedings had been concluded, the House's sub judice resolution would not necessarily prevent such matters being referred to.

The crux of the issue is the degree of legal protection offered, not to my hon. Friend the Member for Birmingham, Yardley were he to raise the matter in the House—as he has done this afternoon—but to an individual who discloses information to their Member of Parliament. The extent of that protection is less clear, as in many cases it depends, as we have heard, on qualified privilege. In family proceedings, the Family Proceedings (Amendment) (No. 2) Rules 2009 include certain exemptions about the disclosure of information, including in rule 11.4(1)(d), which provides that a

"party or the legal representative of a party, on behalf of and upon the instructions of that party, may communicate information relating to the proceedings to any person where necessary to enable that party…to make and pursue a complaint regarding the law, policy or procedure relating to a category of proceedings to which this Part applies."

However—that is a significant "however"—I emphasise that that is a general rule, which is subject to any direction of the court, and the court may direct that such disclosure, though generally allowed, should not be allowed in certain cases. That, I think, is the circumstance to which my hon. Friend refers.

I agree with the many Members who have said that an individual's right to approach his or her MP should be regarded as an essential part of the democratic process. However, we need to consider how to deal with cases in which one person's right of access to their MP could interfere with the rights of others, including the right to a fair trial and the right to privacy. There is no point in Parliament making laws conferring decision-making powers on the courts, if an individual Member can vitiate those decisions by disclosing on the Floor of the House information that might fatally undermine their purpose. For example, if a court orders that the identity of a party to legal proceedings should not be disclosed—usually because it would render the proceedings nugatory—Members should think very carefully before using the auspices of parliamentary privilege to subvert such a judgment.

The guiding principle must be one of comity: the House and its Members will respect the jurisdiction of the courts, and the courts will not trespass on to territory that is properly occupied by Parliament. If Parliament collectively believes that some injustice arises from how the courts apply the law, it is open to Parliament to change the law. There is no need to use the blunt instrument of parliamentary privilege as a battering ram with which to beat the courts.

If there are deficiencies in family court proceedings, my hon. Friend ought to seek to amend those rules, in the first instance, or the statute under which they operate, if he feels that they are ineffective in allowing him properly to represent the interests of his constituents.

Mr Cash: I appreciate that I am intruding somewhat into this rather narrow debate about parliamentary privilege and the Act. The Deputy Leader of the House referred to family law. As such matters are absorbed into the broader context of the jurisdiction of the European Court of Justice, the manner in which the courts respond to them within the framework of the law will be interpreted by that Court. I fear that some of the assumptions being made, including that we will be able to legislate in line with the kind of principles that the Deputy Leader of the House has referred to, will not be applicable, because it will not be a matter exclusively for our courts.

Mr Heath: I hear what the hon. Gentleman says. He talks about the European Court of Justice. I thought that he was going to talk about the European convention on human rights, because it could be argued that the way these matters operate is outwith ECHR provisions, other than the fact that we are using the licence within the relevant article in the convention, which allows for specific items—the interests of minors are mentioned—to be excluded from the general rule of open proceedings in court. We must bear that in mind. I understand the hon. Gentleman's point, and I have no doubt that we will discuss the matter on many other occasions.

Coming back to what my hon. Friend the Member for Birmingham, Yardley was saying, I think that he is particularly exercised about the office of the Official Solicitor. He seems to have an interesting relationship with the Official Solicitor, in the pursuance of his various interests in the cases in which he has been involved. He essentially asks where the Official Solicitor's supervision and accountability are, in the exercise of his duties. My hon. Friend knows that the antecedents of the office go back a long way, to its origins in the Six Clerks Office, which was mentioned by Pepys. This officer of the court has a long pedigree, and he acts on behalf of those who were originally defined as paupers, including lunatics and infants, and needed protection under the law. The office is an ancient one, but it has always been an office of the court.

[Mr Heath]

Under the most recent legislation, the office is a statutory office of the Supreme Court, and we have been very clear in the House, by statute and otherwise, that we respect the independence of the Supreme Court, and that we will not seek to interfere with the activities of the Supreme Court, as a legislature. We have to be very careful in expecting something of an officer of the Supreme Court, who I suppose is answerable in extremis to the Lord Chancellor in the exercise of their duties. It is not a matter for normal, democratic control, any more than a judge sitting in the High Court is a matter that should be under the control of the House.

Mr Bacon: I have listened to the Deputy Leader of the House with great interest. He said that we should not seek to interfere with the operation of the Supreme Court as a legislature. Did he mean that we should not, as a legislature, seek to interfere with the operation of the Supreme Court? There is a fundamental difference.

Mr Heath: I meant that we, as a legislature, should not seek to interfere with the activities of the Supreme Court. There was a comma, which the hon. Gentleman did not, I think, hear. It was there; I assure him.

Mr Bacon: I regret that I did not hear the comma, but does the Deputy Leader of the House not agree that this goes to the heart of what my hon. Friend the Member for Stone (Mr Cash) was talking about? Although the late and much-lamented Lord Chief Justice, Tom Bingham, made it extremely clear in his recent book, "The Rule of Law", that he thought that the Court should ultimately defer to the democratic will of the elected legislature, my hon. Friend the Member for Stone says that there is abroad—"abroad" is the wrong word, although it is also true—around the place, including here and also abroad, a kind of judge who does not take that view. That is a source of great concern.

Mr Heath: I understand the concern about what is normally described as judicial activism, and about the judiciary perhaps wishing to extend its role beyond what has been the traditional separation between its role and that of the House. We have to be extremely wary about that. Nevertheless, I maintain that it is not and never has been the role of Members of Parliament to decide whether officers of the court are behaving properly in the exercise of their duties. Our role is to create the statutory environment in which they work, and that is a very different matter.

Helen Jones: It is a difficult area, but does the Deputy Leader of the House agree that while we would not wish to see Members of Parliament interfering in the judicial process—we have both probably had experience of telling constituents that we cannot do that—a constituent who feels that they have not received justice or due process ought to be free to raise that with a Member of Parliament? There are two different issues.

Mr Heath: The hon. Lady puts it very well. There is a distinction, and we are right to make it.

I share the concern of my hon. Friend the Member for Birmingham, Yardley about the growth of the super-injunction, and what he described as the hyper-injunction. I was concerned when the issue arose during the Trafigura case. I am also concerned that we have allowed a whole new jurisprudence to develop without any real consideration of where it will end, or the consequences for our judicial process.

Happily, the Master of the Rolls, who has a proper role in the matter, has recognised the public concern. He established a committee in April last year to examine the use of injunctions that bind the press, including super-injunctions. He brought together a committee of the judiciary, the legal profession and the press. I anticipate that it will report soon, and we in the House should have particular concern about what it says.

Such injunctions have an impact, potentially, on what we do in the House, and certainly on the interests of our constituents. Personally, I look forward to seeing whether the Master of the Rolls wishes to bring into effect any significant changes to how the courts interpret the whole role of super-injunctions, and what he has to say about the position that has been established whereby my hon. Friend, as a Member of Parliament, cannot know that his constituent is even involved in a case, let alone get involved in it, because his constituent is injuncted by a super-injunction to prevent him passing on that information. My hon. Friend's concern is perfectly legitimate and I am glad he has had the opportunity to express it today.

Mr Bacon: Many people, including the hon. Member for Newcastle-under-Lyme (Paul Farrelly), who raised the Trafigura case, have had concerns about super-injunctions. Does the Deputy Leader of the House agree that such people should also be concerned about what my hon. Friend the Member for Birmingham, Yardley has identified as another category, hyper-injunctions, whereby a court makes an order not to refer to the existence of proceedings? Is that not simply a step far too far?

Mr Heath: I am not sure that I understand the distinction that my hon. Friend was making between a super-injunction and a hyper-injunction, because what is called a super-injunction is an injunction that requires a particular course of action to be taken, including not reporting that the injunction in place is proceeding. It is an injunction squared, or a self-referring injunction. I am concerned about it, as are a lot of hon. Members, but we must wait and see what the Master of Rolls has to say on the subject when he—or, rather, his committee—reports.

I want to conclude by talking about the draft parliamentary privilege Bill.

Mr Cash: I realise that I asked a much broader question than was intended for the debate, so I do not ask the Deputy Leader of the House to go into any detail, but in general does he take on board my point about the hierarchy of laws and the necessity to ensure where the final jurisdiction lies? The issue has come up in various forms in exchanges on the draft parliamentary privilege legislation and its proposals. The Supreme Court and other courts in the European dimension are claiming greater jurisdiction than previously over what we do, indirectly and, sometimes, more directly. That is an innovation, which was certainly not around five years ago. I ask the hon. Gentleman to do no more than

take into account the fact that these points are not just the emanations of those who are concerned obsessively about such matters; they need to be taken very seriously because the process is on the march.

Mr Heath: I was going to come to the hon. Gentleman's points at the conclusion of my other remarks, but I will answer them now.

I am loth to usurp the authority of the Lord Chancellor, which I suspect would be lèse majesté on the part of a junior Minister. Therefore, it would not be appropriate for me to second-guess the Lord Chancellor's views, in particular as he had the opportunity recently to set out some concerns in a Committee, as the hon. Gentleman said.

The hon. Gentleman knows that the Government are setting up a commission to look at the case for a UK Bill of Rights. He knows that the announcement has been made and that that will happen. He knows what is in the coalition agreement in respect of the issue, and I do not need to remind him of that. He also knows, because I heard him recently ask the question of my right hon. Friend the Minister for Europe, that the Government strongly support reform of the European Court of Human Rights in Strasbourg. There is a package of considerations and I will not pre-empt any conclusions, but I hear what the hon. Member for Stone has said. I am sure that other colleagues in the Government will have heard his comments as well. It is probably safest if I leave it at that. He understands that there is a limit to how far I can expand on the subject.

Returning to a perhaps slightly safer area for which I do have some responsibility, the Government intend to bring forward a draft parliamentary privilege Bill. As we have heard this afternoon, it is a complex subject. We have the report from some years ago to which the hon. Member for Warrington North referred. We need to revisit it, to ensure that it meets all our present circumstances, but we hope that we will soon be able to provide a draft Bill on which every hon. Member will have the opportunity to comment. In particular, I hope that Members involved in this afternoon's debate will make their views well known as part of the consultative process, because they will have the opportunity to shape the content of the Bill.

I was intrigued by the suggestion of the hon. Member for South Norfolk (Mr Bacon) that we should do away with "privilege" altogether and call it something else. I make no commitment that that will form part of the Bill, but "privilege" is sometimes misinterpreted, deliberately or purely by ignorance, and assumed to mean that we somehow place our interests, and ourselves, above those of other people, rather than what it does mean, which is that it enables us to do our job on behalf of the people we represent.

Such interpretations were perhaps exaggerated by the recent court cases involving former Members of the House. The proposition before the court was that parliamentary privilege somehow prevented them from facing due criminal proceedings in the courts. Of course, privilege did not do that; we said so at the time and I am pleased that the courts held it to be the case. However, that message simply must go out: parliamentary privilege is not about privileges for Members, it is about privilege for our constituents to have a Member of Parliament who can stand up and speak without fear or favour on their behalf in the House, and to do so on whatever terms that Member feels fit, and without the threat of court action or the actions of the Executive preventing them from acting in the fullest capacity as a Member of Parliament. We intend to produce the draft Bill by the end of this Session, in spring 2012. That will provide us with a further opportunity for these matters to be discussed.

I am grateful to you, Mr Bone, for chairing this sitting and to the Backbench Business Committee for providing us with the opportunity to debate the subject. I am grateful too to my hon. Friend the Member for Birmingham, Yardley for bringing forward matters of considerable importance, which have now been given an airing in the House.

Mr Peter Bone (in the Chair): With the leave of the House, I call the hon. Member for Birmingham, Yardley.

5.10 pm

John Hemming: I thank everyone who attended this debate, and I thank the Backbench Business Committee for allowing it. I also thank you, Mr Bone, for chairing it so ably.

The debate can be summed up in a few words. Parliament needs to know about grievances and to be able to take action. We need to take action to protect our constituents. The accountability of the courts rests on people knowing what is going on, even if anonymously. The difficulty with the operation of the Official Solicitor's office is that people do not know what is going on. There is no question but that reform is needed in that area. However, the points have been reasonable and we have had a good debate. I thank my hon. Friend the Member for South Norfolk (Mr Bacon) for working with me on the debate. On that point, I shall end.

Question put and agreed to.

5.11 pm

Sitting adjourned.

Westminster Hall

Tuesday 22 March 2011

[MARTIN CATON *in the Chair*]

Promotion of Women in Business

Motion made, and Question proposed, That the sitting be now adjourned.—*(Angela Watkinson.)*

9.30 am

Mrs Helen Grant (Maidstone and The Weald) (Con): Balance is the centrepiece of science; it is the fulcrum of philosophy; and it is stability in society—light and dark, hot and cold, yin and yang. We need to balance the resources at our disposal in order to exist and grow. Good business managers embrace balance in so many ways—risk and return, investment and innovation, supply and demand. However, an imbalance that is common in business, the professions and politics is the one between men and women in senior positions.

That imbalance is often labelled a gender equality issue, but actually it is a business performance issue. Men and women bring different things to the business table, which are not mutually exclusive. Women can be great at multi-tasking; men can be cool under pressure and very spontaneous. Both have different attitudes towards risk and confrontation. However, if we put the two together, it is no surprise that gender-balanced businesses are more stable, more sustainable and more profitable. Those involved with such businesses tend to make better decisions about people, risk and customers. Let us not forget that women make 80% of consumer purchase decisions in many countries.

If we can share the best of what we have as men and women, our diversity will enrich us all. There are many barriers to progress. Business is a man's world built by men and, because people tend to recruit in their own image, male imbalance prevails. In the home, women are still the primary carers, and the struggle to juggle domestic duties and a demanding job can be a major hurdle. Silly stereotypes have been created in relation to both domains. Men are characterised as being confident, aggressive and direct, while women are characterised as being kind, warm and gentle, and therefore as perhaps not having quite what it takes to tackle tough business decisions. The truth could not be further from the myth. However, even today, some people still argue that gender difference in attainment is simply because of personal choice, aspiration and preference.

Some Governments have already taken action. Eight years ago, Norway passed legislation requiring all public and state-owned company boards to be 40% female. Spain and France are now following suit. Norway has achieved its quota, but succession is now a problem. Board members typically come from senior management in private companies. However, in Norway, only 6% of those posts are held by women. Clearly, a root-and-branch approach is still required.

Gareth Johnson (Dartford) (Con): I congratulate my hon. Friend on securing the debate. I know that the issue is very important to her. I hope that she agrees that we are striving for a quality of fairness. Does she also agree that we need to ensure that such fairness is not patronising to women and does not replace one form of apparent discrimination with another?

Mrs Grant: My hon. Friend makes a very good point—I could not agree more. I shall cover that issue later. I am grateful for his intervention.

In Britain, we have much to do. Only 5% of FTSE 100 companies have a female chief executive, and only 12% of board directors are women. Our Government have promised to promote gender equality, and I am encouraged by coalition policies on flexible working and parental leave. Lord Davies of Abersoch is leading a review on women on boards, and his report has just been published. He has got it just about right and is seeking to accelerate glacial rates of change without causing global warming. Recommendations include encouraging head-hunters to put more women on shortlists, requiring chairmen to explain why boards lack female representation, inviting investors to take more responsibility in holding their plcs to account on matters of gender balance and, importantly, introducing voluntary targets to raise the number of female directors in Britain's biggest companies while not ruling out quotas.

Enforced quotas worry me. I am really, really sceptical about them, because such positive discrimination can demean a woman's real value among her peers and alienate men. Some would also say that quotas treat symptoms, not causes, and there is some truth in that. Surely our aspiration must be the creation of fair, real and equal opportunities, where meritocracy wins the day. Change is coming, and whether it comes eventually through quotas or by more gentle pressure will be a matter for serious and ongoing debate. Even without legislation, some British companies are already committed to gender balance and a variety of methods are being used. Mentoring and sponsorship, setting targets and using best practice illuminated by the light of transparency can all work very well. Part-time working arrangements can improve female retention. In fact, any family-friendly strategy that allows women just a little more flexibility, especially when their children are young, can pay big dividends—and word gets around because women talk. On an individual level, women can help themselves, too. We may need to be more assertive in our approach and not be afraid to take credit for our achievements.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Lady on obtaining the debate. I promised my wife that I would be here this morning, because she is a business woman—it is more than my life is worth not to be. Although we perhaps have an issue around Government policy, does she agree that dealing with the matter should start earlier in life and that our colleges and universities could help to encourage women in entrepreneurship, so that things are more equal across the boardroom table?

Mrs Grant: The hon. Gentleman makes a very important intervention—I am sure that his wife will be proud. I could not agree more. Part of dealing with the problem is considering how to ensure that our girls—our young ladies—have much brighter, bigger, bolder, ambitious career advice when they are at school and university. The sky should be the limit—I agree with him completely.

[Mrs Grant]

I come back to men. Men, too, need to become better listeners. They need to learn to hear a woman's voice and embrace the enlightenment of a broader horizon, because when courageous women and enlightened men—we have a few of those here today—come together, there is little that cannot be achieved. The non-believers should consider the following comment made by an all-male board member:

"Our board is really effective. We all think the same way. We all have the same views. Discussions are very short and we always reach the same conclusions".

That all sounds very happy, but is that board healthy? Balanced boards are a noble aspiration, but there is a bigger picture. Boards are central in corporate life, but senior executives and managers create the wealth. That is where gender balance can be so effective. If we can recruit more women to those senior executive positions and train, nurture, promote and encourage them, then the transition to CEO and the board should be a much more natural step. In many ways, dealing with that is more difficult than dealing with quotas.

Enlightened leaders, both male and female, cast a lengthy shadow. Our Prime Minister, David Cameron, has set himself a target of one third of Ministers to be female by 2015. Likewise, a group of powerful London businessmen are aiming at one third female boards by 2015. A few weeks ago, the *Financial Times* published its list of the top 50 women in world business. Those women run organisations such as PepsiCo, Kraft Foods, Yahoo! and Xerox. Their success is cause for much celebration and they stand as much-needed role models. The aspirations of those leaders encourage millions. I take great heart in their initiatives, because it says to me that there is room at the top and the door is open.

In conclusion, this is an exciting time for the promotion of women in business, the professions and politics. Government have an important role to play, but legislation alone will not fix the problem. We need chairmen, chief executives, investors and head-hunters to all take action. The Davies report is a step in the right direction. I urge the Government to accept its sensible recommendations and to reconsider the whole issue of child care. Inadequate and unaffordable child care prescribes many women to the home, or to not having children. If some improvements can be made, many capable women will be released back into the working economy as taxpayers, entrepreneurs and wealth creators, which is exactly what our country needs at this difficult time.

9.42 am

Mary Macleod (Brentford and Isleworth) (Con): I congratulate my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) on securing this important debate on an issue that, for me, is all about aspiration and allowing individuals—men and women—to achieve their potential. We know that many women are stopped from achieving that potential, from being the best they can be and from delivering real value at senior levels in business. We need to do something about that.

I welcome the report from Lord Davies. He has looked at the issue in detail, involved many people in the discussion and come out with a good series of suggestions. I am a strong believer—as might be imagined from me being here—in the importance of having more women in business at senior levels. I worked for more than 20 years in the City in different sectors and have seen the lack of women at senior levels. I fundamentally believe that that is not necessarily because women are doing something wrong—although I agree with my hon. Friend that they can promote themselves better—but because there are serious issues about how we select women and people on to the boards in the City.

Anne Marie Morris (Newton Abbot) (Con): Does my hon. Friend agree that part of the challenge is the structuring of the career path? We are all now living longer. If we could find ways of structuring career paths, whether in the corporate or professional worlds, so that men or women could go into it at different times, that might ease the problem. In the professional and corporate worlds, we see a hub at the age of 30 where it is either make or break—the same time that many women want to have their families. That puts on undue pressure and makes that decision much harder than it would be if we had a career span that was much longer, over the many years that we are going to be working.

Mary Macleod: I agree with my hon. Friend. There is not a one-size-fits-all way of doing things. Different women will have different career paths and will do things at different stages of their lives. We want the flexibility to adapt to those different career paths and still to allow people to get to the top levels in business. I have seen the lack of opportunity and meritocracy that currently exists in business. We are not drawing from the possible range of talent that exists. That means that organisations suffer, that business and the economy generally suffer, so the country suffers. We need to do something about that, because there is a huge untapped pool of talent.

Why is this issue important? As my hon. Friend the Member for Maidstone and The Weald has mentioned, some of the reports and studies are not only about aspiration, but performance. Studies such as one by McKinsey's have looked at a range of statistics that show that companies with a higher proportion of women in senior management teams, in essence, outperform their rivals, with a 42% higher return on sales, a 66% higher return on invested capital and a 53% higher return on equity. There is improved decision making, as was mentioned. Such companies may also be more responsive to the market, make better decisions and have improved corporate governance.

The current position is an issue. Only 12.5% of directors of FTSE 100 companies are women and only 7.8% of directors of FTSE 250 companies are women. Some 52.4% of companies have no women on their boards at all. That is a disgrace. There are a few reasonably good examples. GlaxoSmithKline, in my constituency, has 38% of senior positions held by women. It is good that that has improved year-on-year in the past five years, and that it has improved at the different levels—whether manager, director, senior vice-president or vice-president. That is what we want to see: an ongoing improvement at all levels so that there is opportunity for all.

In so many organisations, the frustrating thing is that progress has plateaued. Contrary to the widely held myth, there is no evidence to suggest that there is a shortage of appropriately qualified women in the pipeline. There are plenty of women to take on board-level roles,

but we need to start to change the thinking about what the requirements are. As Lord Davies said, we must promote on the basis of merit and skills. That is important if we want a true meritocracy, and to have true fairness and opportunity. Lord Davies' report mentions getting companies to talk about and publish their figures. That is a great starting point and something that we absolutely should do.

Other measures that need to happen include the better mentoring and sponsoring of the next generation of executives. One programme that exists and works very well is the FTSE 100 cross-company mentoring programme. Many chairmen of FTSE 100 companies are trying that new mentoring approach that will help in the long term, because it aims to sponsor, nurture and mentor the next generation and help them with the skills and experience to get to the next level.

More also needs to be done with networking for senior women in business. A study by Higgs and Tyson found that almost half of the directors they surveyed had been recruited through personal friendships and contacts. That is probably something that we all recognise, so it is important to build up those networking opportunities.

We also need to fight media images and stereotypes. The more we can create, promote and highlight role models, the better it will be, because we want the younger generation of women to see that it is possible to get to the top of their business or sector, and that that will happen purely on the basis of fairness and merit.

Also, we should promote companies that have a good record on gender diversity and flexible working options, which, for some people, is important. We have to work with the chairmen of FTSE 100 and FTSE 250 companies so that, as Baroness Bottomley put it, they look through the window when recruiting boards and not in the mirror. That is something that needs to be adjusted so that, as my hon. Friend the Member for Maidstone and The Weald said, people do not recruit only those who are similar to them and who are already on boards but see the value of having new and different skills on boards.

Claire Perry (Devizes) (Con): My hon. Friend is doing a fantastic job of setting out many of the challenges that need to be overcome, and how we might do that. Does she agree, though, that perhaps there is another approach, which is to think about how we actually structure roles? It is inevitably the case that those of us with families end up being torn in our daily lives. I have always thought that job shares—potentially having a Cabinet position as a job share—would send a powerful signal, allow women to achieve their best and also recognise the complexity of many of our lives.

Mary Macleod: My hon. Friend makes an excellent point. If there were job sharing in politics—there is no reason why the role of MP or Cabinet Minister could not involve a job share—we would show that we have made a real difference and made ground, and that there is no reason why that cannot happen in business.

The time has come to address the issue and really do something about it. It has been talked about for so long but very little has been done. The opportunities for business right now are too significant, at a time when we really need enterprise and growth, flourishing businesses, and more people creating their own business. We must do something about the issue. Women must be recruited to senior levels in business based on their merit and skills. Perhaps the definition and assessment of the skills that are required need closer attention, but I have no doubt that plenty of women with the right skills to take companies forward are waiting for the opportunity to do so. If we could let everyone, both men and women, aspire to be their best and achieve everything that they want, businesses across the country would flourish.

9.52 am

Julian Smith (Skipton and Ripon) (Con): I join this debate as a head-hunter—I declare that interest—who, until recently coming into the House, worked on senior-level executive search assignments for global organisations. I am the employer in an all-women company and the proud husband of a wife who has just set up a business as part of a job-share situation. I am also a colleague of some exceptional new MPs on both sides of the House, many of whom are women. It is unfortunate that more of my Opposition colleagues are not here today.

As a small business owner, I have spoken frequently about the avalanche of regulation and red tape that hit small businesses over the 13 years of the Labour Government, and the impact of such legislation globally on Britain's competitive position in respect of inward investment compared with Hong Kong, Asia and other international locations. As a head-hunter, I saw that people were beginning to hire in those locations rather than the UK as a result of our employment law.

Therefore, I was pleased that Lord Davies chose not to advocate legislation in his report, "Women on boards", which came out in February. I add that I could not find a copy of it in the House of Commons yesterday when I sought one—that was not a great indication of the importance of the topic.

When I first sat on the Government Benches last May, I realised that never in my life had I been involved in something so male. When I reflected on the companies for which I had recruited as a head-hunter, I thought again about the stark differences between those that had seriously taken an interest in diversity and put it at the top of the agenda of their organisations, and those that had not. When I listened to the debate on UN Women, which I thought was one of the most productive and positive debates in this House, I resolved to try to play my part on this issue. I compliment my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) on securing this debate, and on all her work in this country and internationally—recently in Malaysia, I believe—on the issue.

Things have been improving, but progress is so slow. Statistics in the Lord Davies report show that 12.2% of directors of FTSE 100 companies are women, and that 7.3% of people on the boards of FTSE 250 companies are women. That is appalling. Our economy, which is on its knees, and which needs to use all its talents to get out of the current crisis and to deal with a competitive world, needs to address that. There are moral reasons as well: in a society that aspires to be equal, such statistics are not acceptable.

The best companies I have worked with in recruiting at senior level have not focused solely on women. Their big focus has been on diversity. They have been hard-wiring

[Julian Smith]

into their organisations the approach that it is not acceptable to come up with a shortlist of white males but instead it is better to come up with a diverse list of people and then select on merit. However, the number of organisations and companies that think that way is not as large as it should be, and we need to increase it over the next few years.

Andrea Leadsom (South Northamptonshire) (Con): Recently, the Monetary Policy Committee announced that it was recruiting another white man, and that it was absolutely delighted—as, indeed, we all are—with the extremely talented gentleman whom it had chosen. In small print at the end, as an afterthought, it said that only one of the 27 applicants was a woman, and that it wished that more women had applied. Does my hon. Friend agree that it would be a good idea proactively to encourage more women to apply for senior roles?

Julian Smith: My hon. Friend makes an important point. There is a great deal of work to be done in the public sector as well as the private sector, but the Government now need to put significant pressure on the private sector, and not just on targets. One area I would advocate as well worth looking at is performance management generally in organisations. Can the Government do more to highlight those organisations that performance manage their staff and that look at things such as the approach that my hon. Friend the Member for Devizes (Claire Perry) suggested? Can we highlight, as well as company growth, those companies that manage their human resources positively?

Mary Macleod: Does my hon. Friend think that it is important to have real performance measures and that that should affect how people are remunerated? If they are not assessed on that, which might affect what they earn, people tend to forget about it. It is a nice-to-have, but there is no focus on it and nothing ever gets resolved. If people are actually measured on that and remunerated accordingly, something might change.

Julian Smith: My hon. Friend is absolutely right. The client that I worked with that did best in this area had such considerations hard-wired into compensation and promotion at all levels in the organisation, not just at board level. To get a pipeline of candidates for board positions, one has to work right down the organisation, at every level of management. In that organisation, the key question at every performance review was, "What diversity hiring have you done in the past six months?"

A relentless focus is required in the House and at every level of government. I am not convinced that having a unit on women and equality is the right way to go. We need this to be driven from the highest level in the Department for Business, Innovation and Skills, and we need to showcase with awards and in every way possible those organisations that are doing the right thing.

Mrs Grant: Could my hon. Friend say something about how head-hunters might be incentivised?

Julian Smith: The role of head-hunters is important. The reason for stressing companies is that head-hunters are driven by their fees, and if the underlying companies are pushing them, that is when there is a change in the approach of the head-hunters. I was pleased that Lord Davies advocated a voluntary code for head-hunters, and some are doing great work in this area, but we will probably end up having to look more closely at this unregulated part of the business world, and push hard if they do not move quickly on their voluntary code.

On parental leave, child care and other matters that have been discussed this morning, I hope that the Government, with their moratorium on regulations for small businesses, will advocate a frank conversation between employers and female employees. My best employee relationship was with someone I could talk to about her plans for child care and family development, and we interweaved her talent and desire to build her family with the business's needs. That employee was paid more and performed better than any other person in my company.

As well as the Government's role, there is a strong role for Parliament. There is a strong argument for setting up a new Select Committee for the lifetime of this Parliament to focus on women and diversity. It could be wrapped up at the end of this Parliament, but in the meantime it could be used as a vehicle to demonstrate that parliamentarians in the class of 2010 will ensure that we move the issue on, drag companies in and question them. We want to ensure that the matter is nailed once and for all.

My concern and my message to business, whether head-hunters, global businesses or small businesses, is that if we are still here in 2015 having these arguments about the paltry number of women in the senior echelons of our businesses, it will be very difficult for people such as me, as a great supporter of less regulation and red tape, to stand up and say that there should not be legislation and intervention. This Parliament has an opportunity, as does business, to go for it, and to make a substantial change along the lines of what Lord Davies said, but it must be done now. We must get on with it.

10.2 am

Lorely Burt (Solihull) (LD): I congratulate my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) on securing this important debate. I also echo the excellent suggestion of my hon. Friend the Member for Skipton and Ripon (Julian Smith) to introduce a Select Committee on women and diversity. The Minister will be listening carefully, and I shall make representations through the Liberal Democrats' Business, Innovation and Skills parliamentary committee, which I co-chair.

We have heard excellent contributions this morning, and I need not reiterate why we must bother with women on boards. The aspiration of equal opportunities clearly does not work. It is 40 years since the Equal Employment Opportunity Act 1972, but still only 12.5% of members of FTSE 100 boards are women, and only five are run by women. Evidence shows that companies that increase the number of women in leadership positions outperform those that do not. Clearly, it is good for business to have more women.

On stereotyping, Martin Vander Weyer said in *The Spectator* on 26 February:

> "Women are more risk-averse, less driven by raw competitive urges, and more likely to stay focused on generating steady returns; and those are precisely the qualities needed in non-executive directors to counterbalance the machismo of thrusting executives."

Such stereotyping is dangerous. Not all women are like that, any more than all men are testosterone-fuelled risk-takers. We all have a bit of yin and a bit of yang in us, and it is important not to accept stereotypical opportunities.

Who is calling for change? Last year, the CBI called for a comply-or-explain policy for all businesses, and Viviane Reding, European Commissioner for Justice, is considering calling for quotas. She has started a five-year strategy to achieve 30% of women on boards by 2015 and 40% by 2020.

What are the problems? Many have been discussed this morning, and they include lack of flexibility, and linear advance patterns. My hon. Friend the Member for Brentford and Isleworth (Mary Macleod) talked about whole-life careers. We now have many careers during our lives, and the idea that one must go from one step to another clearly does not work for women or for men.

The male culture of people of the same sex, who perhaps went to the same school or who even belong to the same club, is harmful in achieving diversity of view and opinion and opening up boards to new ideas in all sorts of ways. On nominations committees, we heard an expert speech on the position that head-hunters are in. They may be eager to please, but I welcome the voluntary code that is being promoted by Lord Davies.

There are many things we can do to help—for example, flexible working. I am delighted that the Government are committed to flexible working not just for women and not just for men with children, but for everyone, because quality of work and life makes people better contributors to the work force. We must recognise people for their contribution, not for the number of hours their coat is on the peg at work. I call that "presentism".

Collaborative leadership styles would be much more positive and helpful in some circumstances, as would effective succession planning. Women respond really well to coaching and mentoring, and we are often our own worst enemies, because we do not recognise how good we are. I had to have a stiff talking to by a friend before I accepted that I would be good enough to become a Member of Parliament. Talent must be recognised in organisations. My hon. Friend the Member for Maidstone and The Weald referred to the leader of the Conservative party and said how well the Conservatives have done in bringing on women. One could argue about whether that constitutes positive discrimination, but the A list has certainly introduced a new generation of women MPs, and I assure you, Mr Caton, that there are no token women in this Chamber; they are all full-on, first-class Members of Parliament.

Mary Macleod: Does my hon. Friend agree that the Conservative party increased the number of its women MPs at the last general election partly because we had a leader overseeing the matter from the top? He promoted it and ensured that it was at the top of the agenda. The same must happen on boards. Does she agree that it is important for chairmen, chief executives and board members to say, "This is really important; we must do something about it."? If that happens, something will be done?

Lorely Burt: I could not agree more.

I want to finish by referring again to Lord Davies. I have spoken about head-hunters and the requirement on listed companies to disclose annually the proportion of women on boards, how many are senior executives and how many are in the work force generally. That would shame a lot of companies into looking at the poor representation of women.

Lord Davies leaves formal quotas as a future possibility, but states that there is overwhelming opposition to them. Well, there would be. To require someone to comply would challenge the stereotypical grey men in grey suits. Will we need quotas? The Davies challenge is for the make-up of boards to include 25% of women within four years. I believe that we will probably need to move towards some form of quota system if boards do not comply with that. This is the last chance saloon for the grey men in grey suits.

Martin Caton (in the Chair): I will now call Andrea Leadsom, but I advise the Chamber that five hon. Members wish to speak and I want to start the winding-up speeches by 10.40 am. We need more brevity and more speakers.

10.11 am

Andrea Leadsom (South Northamptonshire) (Con): I, too, congratulate my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) on securing this important debate. I start by saying that I absolutely love men. I have two beautiful sons and a nigh-on perfect husband, and I assure the Chamber that this debate is not about bashing men; it is about trying to promote more good and fantastic women, and even—let us face it—more mediocre women. In any society not everybody can be fantastic but everyone can achieve a lot more than they currently do, and that particularly applies to women. Let us bring on more women of all shapes and sizes, whether mediocre or utterly brilliant.

I want to be a tiny bit selfish and talk about my story. I represent a classic tale of someone who has suffered from the determination of society to promote one type of structure. My parents divorced when I was very young, and for a long time it was just me, my two sisters and my mum. My mother taught us that, "The world does not owe you a living; you get on and you do it for yourself, my girl," and that was very much the mantra with which I grew up. My sisters and I were all driven to do well in our careers, while still loving men and having a place for them in our hearts. You can rest assured, Mr Caton, that my two boys are clear that women are their equals and every bit as good as them.

I went on to jump out of my political science degree and into the City with huge enthusiasm. I worked 60 hours a week and did all the things that the men did—I worked shoulder to shoulder, neck and neck, competing with the best of them. At the age of 30, I discovered the wonderful thing that was being married and having a child. When I was eight months pregnant—nobody could accuse me of concealing the fact that I was about to have a baby—I was promoted to be the youngest senior executive that Barclays had ever had. That was a huge privilege and honour and I was thrilled. I was also, however, about to have a baby.

I went away and had about three minutes' maternity leave. I worked until two weeks before the birth and came back after less than three months. I was desperate to get back into the job, but I was knocked for six by the

[Andrea Leadsom]

whole experience. Within a year of trying to hold down such an enormously challenging job, I spoke to my boss about whether it would be possible to do it part time. I will not name names, but the answer was, "We've managed without many women directors until now, and we certainly don't need part-time ones." I struggled on for another year, but two miscarriages later I gave up, went away and thought, "Right, I'm just going to be a mum." I had a second child and worked as the managing director of a hedge fund. It might seem rather ridiculous to go from working in a mainstream bank to becoming a senior person in a much smaller organisation, but somehow that worked better. It involved less process and more interpersonal relationships, and people talking to each other and understanding what was necessary to get the job done. Even though I had an important position, it was understood that I also had other priorities.

My story is indicative of what so many women go through. They start off neck and neck, fighting on equal terms, but then something happens—they start a family and their career is never the same again. The past 10 years of my career were happily spent in a funds management organisation at senior level, but with no prospects of promotion because I was working part time. I recognised that and was happy to pay the price because being a mum has always been the most important thing in my life. At the moment, however, that price must be paid, which I do not think is right. It holds women back, and many women give up altogether. A wealth of evidence suggests that women deliberately apply for more junior jobs that do not meet or challenge their skill sets, simply because they want the time and space to raise their family. That is a tragic waste of talent, and I believe that so much more could be done.

I do not plead for quotas. As my hon. Friend the Member for Skipton and Ripon (Julian Smith) so eloquently said, employers should be encouraged to talk to their staff about what works for them. Such flexibility is not legislated for, but we need to get away from the situation where an employer can never ask someone if they are planning to have a baby, or whether they need to go to parents' evening, because that is a taboo subject. Inadvertently, legislation and workers' rights have made that an even more knotty topic, but if we could get away from that problem and arrive at a position where employers can talk to staff about their priorities and the things that they need to do, we would be in a much stronger position due to that mutual recognition.

In my office I employ a fantastic caseworker whose wife is about to have their second child. That is bearing down on us all, and we will accommodate his needs as a father. It is not just about women; it is about families. Accommodating the needs of families will go a long way towards improving the talent base in this country, and it will improve business across the board.

10.17 am

Brandon Lewis (Great Yarmouth) (Con): I, too, congratulate my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) on securing this debate. Ever since I left university, I have worked in business, and over the past 10 years I have run a couple of businesses. I was not sure what I, as a man, could bring to the debate, but when I spoke to my hon. Friend yesterday, it suddenly occurred to me that for 10 years I have run a business with about 80 staff of whom more than 90% are women. That had not occurred to me in the context of this debate, because we did not go out looking to recruit women or in any specific area. I fully agree with the comments about discrimination made earlier by my hon. Friends. Discrimination is not acceptable, but equally, we do not want positive discrimination.

I agree with my hon. Friend the Member for Skipton and Ripon (Julian Smith) that we should not seek Government legislation that makes work more difficult for small and medium-sized enterprises. It is already difficult enough to employ more people under the existing regulations, which put companies off. The Government can set an ethos, however, and perhaps I can add my experiences to the debate, and say what it is we do that means we attract more women, and why that works so well.

Dr Julian Huppert (Cambridge) (LD): The hon. Gentleman is right to say that there is a limited role for Government in terms of imposing rules. Does he agree that it is important to encourage mentoring? A lot of studies show that all people benefit from mentoring, and women do not get as much of that as possible. Organisations such as Enterprising Women do a lot to try to promote that aspect, and I hope that the hon. Gentleman will mention it.

Brandon Lewis: The hon. Gentleman is right. People across the board benefit from mentoring, and men are sometimes afraid of saying, "Look, I need a bit of help." Some women I have worked with do that better and have benefited from it. Women hold top positions across my business. As declared in the Register of Members' Financial Interests, my business involves a couple of schools and a nursery in which the head teachers are women. My administration team that runs the business is also made up of women. I have to say that they do a far better job now that I am not there interfering than was the case when I was. As an employer, we have appealed to women partly because primary education, on which we focus, tends to attract women. The tougher part of our job has been recruiting men into primary education, which is important because of balance.

When I was a council leader, I was always proud that I had a council group with very good balance. My hon. Friend the Member for Maidstone and The Weald made the point that for any business or organisation, it is balance that makes it work. The balance of men and women in my council group was about 50:50. I was very proud of that and made a big point of it, because we achieved it before many authorities could get anywhere near it. We also had people from different walks of life and different business backgrounds. They ranged from a councillor of 18—the youngest councillor in the country—through to councillors in their 70s. It was the balance of members—members who agreed with one another and members who did not—that made it a more powerful team.

In my business, it is the balance that works, and flexible working also appeals. As we are an educational establishment, we have a slight advantage, in that we can advertise jobs for people who want to work only in term time to fit with their families. More men might

consider that, too. This is a time when we are looking for more opportunities for men, and men are sometimes afraid of admitting that they want to spend more time with their families. I am sure that many of us in the Chamber would fall into that category, if we could. However, the ability to work in term time—the ability to work part-time hours—has meant that we have attracted women, which is benefiting our business. Our turnover of staff is extremely low. I think that in the 10 years that I ran the main administration team, we lost only one member of staff, who went on to a promotion elsewhere and has been very successful as a result. Business can consider those issues. This is about achieving a good balance across the board, with different types of input from people with different backgrounds, from men and women, from different age groups and from people with different professional backgrounds.

With regard to being flexible about work, the hon. Member for Solihull (Lorely Burt) made the point about "coat peg hours"—a phrase that has stuck with me for many years. When I first qualified in law, I spent some time in a law firm and it always struck me as bizarre that the lawyers, particularly in the corporate law departments, seemed to feel that they had to be in the office from 8 am until 10 pm or later just to prove that they could be there. They were sitting in a square box, staring at a wall, doing work that they could easily have been doing at home, probably more productively.

Therefore, I have always taken a different view with people in my company, whether they are men or women. What interests me as a boss is that the work gets done and is of high quality. Unless there is a particular time demand, I am not interested in whether it is done at 8 am in an office or at 8 am in someone's home. With the way communications work these days, businesses should think outside the box and be more open-minded about allowing staff, of whatever background and sex, to do their work to the best of their ability and not be so focused on "coat peg hours" and sitting in an office for the sake of being seen to be there. That in itself would be a big step forward for business.

If we can do nothing else in the next few years but encourage businesses to be more open about their working practices to allow people to be more flexible in that respect, we will see more women in business and certainly more production for business, without the need for legislation. I agree wholeheartedly with what hon. Members have said about how business has an opportunity now to make progress on this issue and to have more diversity across the board. Otherwise, we will end up having to look at more legislation, something which all of us who have been in business agree that business can do without.

10.23 am

Caroline Dinenage (Gosport) (Con): I congratulate my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) on securing the debate, which is incredibly valuable. We have heard some excellent contributions and some interesting ideas, particularly the idea about job shares in the Cabinet.

I endorse the comments made by my hon. Friend the Member for South Northamptonshire (Andrea Leadsom). Every mum faces huge dilemmas in her everyday working life. Productive women are those who feel that their family life is respected.

I wanted to take part in the debate to talk about the untapped potential of women as entrepreneurs. As a business owner myself, I have experienced at first hand the challenges that women face in starting their own companies. It is a world dominated by men. I have experienced for myself the days of walking into a trade show or a builders merchant and it being a bit like the saloon in the wild west where everyone stops what they are doing and turns round to look at the strange being that is among them. When four of the five dragons from "Dragons' Den" are male and men such as Richard Branson and Alan Sugar fly the flag for UK entrepreneurship, it is not surprising that less than half of businesses are started by women. The stereotype of the ambitious, ruthless male entrepreneur needs to change.

Women can bring a huge amount to business and the economy. Worldwide, women have been shown to be successful and conscientious business leaders. In microfinance initiatives in Africa, 90% of female entrepreneurs plough the profit from their businesses back into the community, compared with only 50% of the men. In the UK, we have inspirational women such as Deborah Meaden and Tamara Mellon, who prove that it is possible for women to succeed in starting their own business. With women making more than 70% of household purchasing decisions, they surely know what the market wants. So why are those inspiring business women so few and far between?

Anyone starting a business will face daunting tasks. They must win over potential investors, persuade their family that it is worth it and, perhaps more importantly, persuade themselves that they are capable of succeeding. That is often the most insurmountable hurdle for women—summoning the self-confidence to take on that task and that risk.

I am involved in a fantastic project in my constituency of Gosport. It is called AWESOME—all women entrepreneurs supporting opportunity and motivating their expertise. It brings budding female entrepreneurs together to provide a network of support. Despite having brilliant ideas, they tend to hold themselves back, perhaps due to a fear of rejection. It is almost as though they regard their business idea being rejected by a potential customer as a rejection of themselves. They have difficulty separating themselves from their business idea.

Mrs Grant: My hon. Friend makes a very important point about confidence. I agree that there is a fundamental confidence issue for us, which has come from years of sexism. Does my hon. Friend agree that if there were more female role models, that might help to correct the situation?

Caroline Dinenage: Absolutely. That is exactly right and it is the point that I was going to make and probably will in a second. Even when a woman succeeds, the challenges posed by approaching a bank or taking on greater responsibility sometimes prevent her from taking those steps and expanding the business to its full potential. I have seen so many women who have got to a certain stage and thought, "I don't know whether I can take that final step," and have then just stopped where they are. It is tragic to see that amazing potential go to waste, especially when our economy desperately needs the passion, hard work and vision of all entrepreneurs, but particularly female entrepreneurs. We just need to find a way of unlocking that talent.

[Caroline Dinenage]

By bringing female entrepreneurs together, as we have in Gosport, a network of moral support is created that allows a woman's true passion for her business to shine though. Women say that they cannot do the hard sell. They say that that is the one thing they cannot do. They say, "I can't do the hard sell. I can't go into business." However, when they are asked to talk about their businesses, their passion and enthusiasm for their product sells it for them. I could tell hon. Members about the number of times that I have walked out of a meeting, having subscribed to things that I did not even believe I needed—including a cat sitter when I do not even have a cat. They are incredible saleswomen, but they do not know that they are doing it.

Successful business women get involved in the group to which I am referring. They inspire confidence in those starting out and help to overcome the little barriers and difficulties that hold people back. We need to develop a network of such groups throughout the UK. They are self-started; they are not funded; and they are just self-help groups. We need to develop a network of such groups throughout the UK to ensure that in every constituency women are getting the support that they need.

Most importantly, we need to foster a culture of female leadership. We need to inspire and build self-confidence in people from a young age, whether that is done through debating clubs or programmes such as Young Enterprise. I did Young Enterprise at school. The business that we had was called Big Time and designed clocks—given my reputation for timekeeping, people find that quite surprising.

We also need to tap into the potential of the media and popular culture in promoting entrepreneurship. I visit many schools in my constituency, and nearly every time I ask the kids what they want to do when they leave school. Very rarely does a girl say to me either that she wants to start a business or that she has an entrepreneurial idea, yet so many want to be actresses, models and performers, which always staggers me. We need some more positive business role models in the media. After all, why should only Alan Sugar have an apprentice?

There will be great benefits for women and for the economy in promoting female-led business. It will bring fresh ideas and different qualities to the business world, while allowing women to set their own hours and agendas, which is what we are talking about. Entrepreneurship is not the preserve of men. It is our responsibility to ensure that women have the support and confidence to be entrepreneurs.

10.29 am

Anne Marie Morris (Newton Abbot) (Con): Many of the points that I might have made have been made already, given that I am speaking towards the end of the debate, but perhaps I can dwell on a couple of them and give them a little more thought.

In an intervention earlier, I raised the idea of flexibility over career timing. The ability to start a career later—perhaps after having children—is often not open to those of us who work in the City or the professions. I agree with other speakers that that is perhaps not something that can be legislated for; rather, it is about creating the right environment. We need to look at the issue, however, because we will all live longer and need to work longer. This is not, therefore, just a women's issue, but a cross-gender issue.

Brandon Lewis: I am sorry to delay my hon. Friend, but having had two children, my wife has gone back into work and successfully set up her own business, in exactly the way my hon. Friend has described. Does my hon. Friend agree that part of the issue is the need for us all to highlight the fact that such things can be done? More women, and indeed men, would then realise that being a certain age does not mean that they cannot achieve something and do something new. Highlighting such things would raise the profile of this issue in the way that my hon. Friend has.

Anne Marie Morris: I absolutely agree. That is absolutely right. However, the real challenge is changing that culture.

My second point builds on the idea of confidence and experience. I welcome the idea of a Select Committee, which would be a first-class way of encouraging more thought on this issue. I was delighted to hear about the FTSE 100 mentoring programme, which sounds like a first-class initiative. The challenge is to have more role models and better mentoring programmes—I agree that they should be for men and women—and to help rebalance individuals, so that they have the broad suite of skills that we all need.

In that respect, perhaps I can dwell on men for a minute. If we look at what is happening in schools, we see the reverse of that. Boys' results are not as good as girls'. Girls are tenacious and exam focused, and they are good at the process involved in passing exams. More and more women are going into the professions, and more women than men are going into the junior level—not the top level—of medicine and law. Leaving aside the leadership issue, we therefore also have a problem with the gender balance in those professions. We need to help men to go into those professions and to compete, just as we need to help women to go into the corporate world and compete there. The gender balance in the professions and corporate life is completely different.

One of the challenges facing us is that the skills that make people successful in the corporate world are not embedded at school, and I suspect that that may be an issue for the Secretary of State for Education. The issue is which skills we need people to gain at school to help us right the imbalance that I have described. Another challenge is to ensure that we have better integration between school and the workplace. One of my frustrations is that the children we talk to about the requirement to do work experience talk about it as if it were a tick-box exercise; there is no real sense of the role they will have in the workplace. Indeed, there is still a bit of a sense that the expected option is to stay at home.

Mrs Grant: Does my hon. Friend agree that embedding enterprise awareness in school education would be helpful?

Anne Marie Morris: That would be very helpful. In the same way that we have looked at the intellectual aspects of education, including issues such as the English baccalaureate, we are now looking at the skills aspects of education through the Wolf report. I agree that we

need to develop a fundamental understanding of these issues among boys and girls at school. I do not have an answer as to how we can more effectively integrate business into education, but the issue absolutely needs to be resolved.

My third point relates to child support, which is a real issue. Partly, it is about money, but is also partly about culture, expectation and provision. A number of organisations are looking at crèches, part-time working and job sharing. However, it is one thing to look at introducing such provisions and to recognise that they are the right thing to do, but another thing to work out how to make them really effective. There is a bit of a tick-box approach, with people thinking that they have ticked the box because they have a crèche. In that respect, I was really struck by the comments of my hon. Friend the Member for Skipton and Ripon (Julian Smith). What is important is the ability to sit down and have a meaningful conversation about how we can work together and take on board the fact that, biologically speaking—certainly in our lifetimes—only women will have children. The question is how we make a different outlook more of a reality, and a Select Committee could probably sensibly spend some time looking at the issue.

When I was thinking about today's debate, I remembered that we had a married man's allowance in the old days, and I wonder whether a working mother's allowance might be appropriate in the modern world. I put that out as a thought, and I appreciate that the piggy bank is a little empty at the minute, but such a proposal might be food for thought. We need a holistic approach to the fact that women have the babies. We need to integrate that and enable women to contribute in the workplace, which is crucial.

My final point relates to the corporate issue. I was impressed by what I read in the report to which a number of contributors have alluded. Diversity is certainly key. I agree that it would make a lot of sense to ensure that the numbers of women coming through an organisation are published in the accounts. Although I agree that we do not want more bureaucracy, such a process would not be a big issue for the top FTSE companies. We have information about the very senior women, because of the reports to Companies House, but we need to see the progression planning, and we will not get it without information about the women coming through the organisation. That is what I would describe as a nudge, rather than a push. I agree that legislation is not the answer, because we need to shape and encourage. Once organisations begin to see that there is a spotlight on the issue, it will begin to make a difference.

The real difference in corporate life will come, however, with the review of the governance code, which is important. How do we ensure that we are really talking about diversity, not trying to right the gender balance? We have to acknowledge that women want to be recognised for the different skills that we bring. I would almost like to see job descriptions that show that companies have thought through the different skills that they need and how roles might work slightly differently to encompass the broader range of skills that are available through employing women. When we look at the governance code, we could try to give some guidance on what might go into it. We are not talking just about men and women, but about the qualities of good management. If we can articulate that, it would be a good way forward. However, I am conscious of the time, so, on that note, I will conclude my contribution.

10.39 am

Nia Griffith (Llanelli) (Lab): I warmly congratulate the hon. Member for Maidstone and The Weald (Mrs Grant) on her excellent opening speech and on securing the debate. I thank the many Members who have contributed in a positive way. There is much that we can agree on in terms of the need for encouragement, mentoring, sponsorship, role models and enterprise awareness, and those are very much the steps we need to take.

Ensuring that women can participate as fully as possible in business and enjoy full recognition of their abilities and potential is vital not only to promote a more equal and just society, but to make the best possible use of their skills to increase wealth creation and make a more prosperous society. Women are, of course, involved in many different types of business, from the self-employed woman who works just a few hours a week to the woman with the busy corner shop or the woman working in the very largest of companies. Many of the difficulties they face are not necessarily specific to women. Generalisations over the huge diversity of business can be misleading, and there are, of course, many excellent examples of good practice and success stories.

Over the past 30 years, women's employment has significantly increased and women are making a greater financial contribution than ever to family incomes. Therefore, it is not surprising that more women's jobs, particularly jobs in the service sector, have been affected in the current economic crisis than in previous recessions. With the expected job losses in the public sector likely to affect women disproportionately due to the high concentration of women in the public sector, it is important that the Government do more than simply hope that the private sector will grow. There needs to be a clear strategy for growth and encouragement for women to take up jobs in the private sector, particularly those who have not worked there previously.

During Labour's time in office, we introduced measures that have supported women. We extended maternity leave and introduced paternity leave. We also introduced the right for parents and carers to request flexible working, and many speakers today have mentioned its importance. There is more to do to ensure that employees and employers are aware of the right to request flexible working. It can be daunting to be the first in a workplace to make the request. Many women are worried that such a request might harm their career prospects or make them look half-hearted about work. Properly managed, flexible working, such as changes in working hours to allow a parent to drop off children at school in the morning, can result in the mum or dad feeling much less stressed and better able to concentrate on their work. For some women, it can make the difference between continuing in work and having to leave a job.

Lorely Burt: I agree with all the points that the hon. Lady has made. Is it not good that the Government are introducing flexible working for everyone, because that deals with the stigma of asking? Anyone can ask for flexible working, whether they are picking up their children or going to the golf course, so it is seen as part

[Lorely Burt]

of the norm and not a condescension for someone because they happen to be a parent.

Nia Griffith: Indeed, the opportunity to have flexible working is extremely important. That is why it is particularly perturbing that news is coming through of an exemption for microbusinesses. That effectively denies employees in businesses with fewer than 10 employees the right to request flexible working. I question the Government's rationale for making that exemption. They seem to be saying that denying employees that right will somehow stimulate growth in the economy.

If we cast our minds back a few years, we will remember that the Prime Minister, in his speech to the 2007 Conservative party conference, spoke about flexible working:

> "Companies that have adopted this have found that they are able to grant the request in the vast majority of cases, they have actually found that productivity has gone up, profits have gone up, staff morale has gone up and keeping staff is easier."

So what exactly has changed? Will the Minister explain what sort of analysis his Government have done that suggests that flexible working hampers growth? What economic impact assessment did his Government do before deciding the exemption for microbusinesses? How will this move impact on women in business? How is it compatible with the Prime Minister's promise when he was in opposition that a Government whom he led would be the "most family friendly ever"?

The loss of the right to request flexible working will affect both men and women, but at the moment, it is likely to affect women far more widely than men. It will be yet another obstacle to women being able to combine work and family responsibilities. It might mean some women giving up work altogether, or it might deter women from seeking promotion. Was an equalities impact assessment undertaken on the exemption decision, and if not, why not? We are getting used to the Government breaking promises, and that action is usually accompanied by some sort of lame explanation, so I am curious to learn how denying employees the right to request flexible working will stimulate growth in the economy. To most people, it just looks like a backwards step.

When in office, the Labour Government introduced the Equality Act 2010, which not only streamlined the law by replacing nine major pieces of legislation and around 100 statutory instruments with a single Act, but introduced measures to create a more level playing field and make life fairer for women. Those measures include requiring gender pay reports, using public procurement to improve equality, extending the use of positive action in the workplace, and protecting carers from discrimination—although that, of course, applies equally to men and women, the reality is that women are more likely to be carers. Can the Minister confirm that his Government will implement in full all the measures in the 2010 Act?

We, on the Opposition Benches, welcome the work undertaken by Lord Davies of Abersoch in producing the Department for Business, Innovation and Skills report, "Women on Boards". In particular, we welcome his recommendations that UK-listed companies in the FTSE 100 aim for a minimum of 25% female board member representation by 2015, that FTSE 350 companies set their own challenging targets to ensure that more talented and gifted women can get into top jobs in companies across the UK, and that those targets be set in the next six months and chief executives review the percentage of women they aim to have on their executive committees in 2013 and 2015.

The question is how we ensure that companies really make progress. The lesson from Norway, which is often quoted as having 40% women on boards, is that it does not happen simply by exhortation. That was tried first, but it took quotas to achieve the 40%. It is not nice to be accused of being on a board solely to make up a quota or to be used as a symbol that a company is addressing gender equality, but companies need to ask themselves exactly how appointments to boards are made. Does the process stand up to scrutiny? Is the best person for the post appointed? It may be that the best person for the post may not even be encouraged to apply. I hope that the recommendations in the report will make companies look very carefully at the whole pattern of promotion within the organisation, as many hon. Members have suggested, and identify whether there are factors, such as particular types of socialising after work, which tend to exclude women. It may be that much more subtle forces are at work, which amount more or less to that well documented tendency to select people like oneself.

What exactly will the Government do to ensure that the recommendations in Lord Davies's report are fully implemented? Will the Government require companies to disclose each year the proportion of women on boards and in senior executive positions, and the proportion of female employees in the whole organisation, as recommended by Lord Davies? Will the Government insist on the disclosure of meaningful information about the company's appointment process, as recommend by Lord Davies? How will the Government take forward the recommendation that a

> "combination of entrepreneurs, existing providers and individuals needs to come together to consolidate and improve the provision of training and development for potential board members"?

The situation of part-timers needs particular attention. Some women find that they need to go part-time to combine work and a family. Other women would like to work part time, but are afraid of the consequences of doing so, knowing that too often going part time will set them back a long way in the pecking order. I have employed women part-timers, and have always found that their attitude to work is anything but part time. They invariably give over and above what is required for the hours they work. We need companies to take a serious look at how they deal with employees, largely women, who are working fewer hours than the full working week. Are they included in decision-making meetings? Are they encouraged to further their careers and seek promotion while remaining part time? Are they given training opportunities? Are they allowed to work part time only if they can find a person with whom to job share to replicate the exact pattern of a full-time post? Is part-time working considered appropriate only in the lower ranks of the company?

What is happening in other countries? In Spain, gender equity laws passed in 2007 obliged IBEX 35 firms to get a minimum of 40% women on boards in eight years. France passed a Bill applying a 40% quota for female directors by 2016. In Germany, the Justice Minister has threatened legislation if boards do not

achieve a better balance in the next 12 months. Can the UK also move forward and can that be done without introducing quotas? Will the Government give companies sufficient encouragement to make the necessary changes voluntarily or will we find ourselves back here in two, three or four years' time ruing the lack of progress?

10.49 am

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): This has been an excellent debate, and I congratulate my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) on securing it. We heard some powerful speeches, in which Members showed their experience and knowledge of the matter.

One of the key things mentioned by my hon. Friend, which was picked up by others, is that it is not only about equality but about business performance. I shall stress that aspect because I believe that the issue is about growth. We have the Chancellor's Budget tomorrow. I believe that the Budget and other such measures are aimed at improving corporate performance and thus the performance of the wider economy.

My hon. Friend spoke of the extra benefits and skills that women bring to the boards of our great companies—their attitude to risk, how they manage employees and how they think about customers. She was right to say that the studies cited in Lord Davies of Abersoch's report and elsewhere are unequivocal on the subject. The evidence is unambiguous that having more women on boards improves corporate performance.

The debate focused on the leadership of women on boards, following Lord Davies' report. It was good to see such widespread welcome for his report. We also heard about practical support for women and families in the workplace and about supporting women entrepreneurs. I shall try to cover all those aspects. Before doing so, however, I make two further comments on my hon. Friend's speech.

First, my hon. Friend reminded us of the Prime Minister's aspiration for a third of Ministers to be female by 2015. Her speech may be an early suggestion that she is heading for promotion. Secondly, she made the important point that men need to listen to women in this debate. One of my favourite books when reading on the subject at university was a book about men and women in conversation called "You just don't understand me" by Deborah Tannen, a socio-linguist. Listening to each other, particularly across sectors, is most important. We need to understand each other.

It is not only about listening in this debate, as we try to improve business and Government performance on the matter, but about putting that message across in the workplace, with employers and employees listening to each other and having grown-up, adult conversations. Indeed, many of the concerns that lie behind what was said this morning can be addressed in a way that does not require legislation or regulation. My hon. Friend spoke well and to the point.

Many Members spoke of legislation and non-legislation, and it is important that we realise the power of the nudge—the power of the non-legislative approach. That is one reason why I was keen to publish what has been called the employers charter. It sets out what employers can do under current legislation, and gives examples of the sort of conversation that employers are allowed to have with their employees—for example, about maternity leave and workers' plans. It is important that we change some people's perceptions about employers. Actually, employers have rights if they behave reasonably, and they can therefore work productively with their employees.

Right-to-request legislation, which was mentioned today, is a sort of nudge. It is about enabling employers and employees to have a conversation about flexible working. I have some concerns about the way in which the previous Government implemented right-to-request legislation. They took a prescriptive approach, and some employers find it rather regulatory and over the top. However, the Government are committed to right-to-request legislation. We will consult on it in due course. As I made clear in a written statement—

Nia Griffith: Will the Minister give way?

Mr Davey: In a moment, but first I want to reply to my hon. Friend. The hon. Lady may want to intervene if she does not like my answer.

When we consult on extending the right-to-request legislation to all employees, we will also consult on whether there should be an exemption for micro-businesses. That may be appropriate because conversations are more easily had in small businesses. As my hon. Friend the Member for Skipton and Ripon (Julian Smith) said, by and large smaller firms are better at having such conversations than larger companies. We will listen to people when we consult; the hon. Lady may believe too much of what she reads in the papers.

Nia Griffith: The question is whether people have the right to request flexible working. As everyone who has spoken today has been very much in favour of the right to request it, and as no one is obliging anybody to grant it, what is the difficulty with insisting that micro-businesses do the same as every other business?

Mr Davey: The hon. Lady anticipates our consultation document. I believe that we will get the balance right, and better than the previous Government did; their approach was over-prescriptive. Indeed, that points out one of the differences between the two parties. I regret to say that for the vast majority of this debate, the hon. Lady was the only Labour Member here, but the Labour Government seemed often to think that the only way to secure progress in this area was through regulation and legislation. Sometimes that is needed, but it is often not necessary. For example, the employee engagement taskforce led by David MacLeod and Nita Clarke, which is business-led and is trying to promote best practice in employee engagement, and the employers charter that I mentioned earlier both take a non-legislative approach, and that can have a big impact.

Other questions raised this morning relate to the wider debate, particularly on how to take forward Lord Davies' report. That report focuses not only on Government but on companies, their chairmen and chief executives and on the head-hunting industry. However, it recommends how the Government should ask quoted companies to report on their performance on this matter. We will be publishing proposals on improving narrative reporting following our consultation—the document was published in July 2010—and that issue will be included. I assure

[Mr Davey]

hon. Members that the Government strongly welcome the report, which paves the way to massive improvements in this important matter, on which the previous Government did little.

The hon. Member for Llanelli (Nia Griffith) asked whether the Government were taking forward measures in the Equality Act 2010, but she may have missed the fact that most of its provisions were brought into force on 1 October 2010. We have concerns about one or two areas, particularly to do with section 78, which provides for mandatory reporting on gender equality, and we are working with business to see whether we can take a voluntary approach, which we think is right. While we engage with business on that matter and try for a voluntary approach, we will not commence, amend or repeal section 78.

Another matter raised by the hon. Lady was that child care is inadequate and often unaffordable. I am proud to say that, in the spending review, the Government did not merely maintain spending on that but increased the opportunity for child care, particularly for the young of deprived families. Our commitment in that area is strong.

That brings me to the debate about maternity leave, paternity leave and parental leave. We will be consulting on that later this year. We already have a lot of legislation on the matter, but it does not work terribly well. It is inflexible, gender-biased and it does not work with the grain of many companies. Our consultation paper will take forward the coalition agreement, and I believe that we can achieve a win-win by making things more flexible for employees and employers. We want them to work better together to ensure that we have more family-friendly workplaces, but that it does not come at a cost for employers.

It has been an excellent debate. I pay tribute to my hon. Friend the Member for Maidstone and The Weald. I believe that the House could play a critical role. I do not know whether we could go for the Select Committee option put forward by my hon. Friend the Member for Skipton and Ripon, but I am sure that he will want to raise the matter with the Leader of the House. It certainly received support this morning.

Regional Development (North-East)

11 am

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): At the risk of making this Adjournment debate appear like the alternative Budget for the north-east—or of the hon. Member for Middlesbrough South and East Cleveland—I warn the Minister that the breadth of coverage of this speech will be large. However, I am sure, as I know my hon. Friends are, that such a diverse speech can only partially cover the wide sectoral diversity that has been achieved in 13 years of patient investment in the region by the previous Labour Government.

Let me give the Minister a brief overview of some of the issues of concern that face my region. I hope I speak for all parliamentary representatives of the north-east region when I say that a north-south divide still exists in England; it is deep, long term, continuing and persistently separates a nation on the basis of where an individual is born and raised, without due regard to the exceptional talent at hand within the boundaries of the Tees and the Tweed. Indeed, the current economic gap—which is perpetuated by the current economic climate—between the north-east and the rest of England is likely to widen, with the serious economic and social consequences that that entails.

PricewaterhouseCoopers' analysis of the comprehensive spending review indicates that the north-east will be disproportionately hit by spending cuts and job losses. Unfortunately, the coalition Government's hope that private sector growth alone will fully compensate for such consequences ignores broad economics and, therefore, looks highly unlikely. Indeed, with the Government doing less—or rather, intervening less—in the north-east in particular, the economic position of the region will be made far worse, not better. The coalition Government are not supporting with adequate institutional arrangements or money their declared aim of rebalancing. Rebalancing without the support of adequate resources is a recipe for failure.

Ministers have consistently disputed the need for proactive regional policy or strong Government intervention. That stands in stark contrast to what happened this time last year, when the parties in the current coalition, unaware of the then Labour Government's actions behind closed doors, called for direct state intervention in Teesside Cast Products. They disingenuously confuse and coalesce the logic of the "crowded-out private sector" with a laissez-faire, sideline observing position, away from the crucial brokering of integral business deals necessary for a burgeoning and diverse manufacturing sector.

For my sub-region within the north-east, "primers", or large industrial foreign and domestic investments, still dictate the pace of a regional economy outside a city. They historically work in our region, and our region, more than most in England, wants them. The new orthodoxy, rooted to agglomeration, relies on the purely local—almost parochial—delivery of economic planning. I do not decry that in its entirety, but for local partnerships with very limited resources, manpower, expertise, clout, cash and perspective, to deliver will be difficult and will only get more difficult.

Localism and equity are not the same thing. If the objective is to ensure that northern authorities have the resources both to support their local economies and to

provide local public services, the greater the extent to which the business rate is devolved, the more extensive the equalisation scheme that would be needed. Such a policy approach remains spatially blind, with absolute priority given to the destruction of existing regional economic structural drivers, such as the regional development agencies, which is simultaneously delivered cap-in-hand with grossly exaggerated local government budgetary cutbacks in the north-east. It is evident that, for this Government, deficit reduction takes primacy over economic rebalancing and any notion of localism.

RDAs were emasculated before any local enterprise partnership was fully set up, allowed to root itself or to be fully financed in and around the expectations of the present Government. That is not the fault of the LEPs—in my case the Tees Valley LEP—because the structures, finance and guidance were delivered to them by the Government. A plan to allow LEPs organically to transform themselves and direct themselves—or perhaps that is the lack of a plan—has been the Government's prevailing philosophical hobby, rather than occupation. However, that is a smokescreen. It only proves again that deficit reduction takes primacy over any economic rebalancing, and trumps any new trumpeted localism for this Government.

If we are to make LEPs work, they must be properly funded and have access to funds. They should not have to bid with raffle tickets for funds from a regional growth fund—such a fund is less than the total budget for a still non-defined mutualisation model for post offices—that is suffering under the gross weight of demands. LEPs need a proper funding apparatus, whether localised or national in source.

The rush to condemn the RDA within the crucible of the coalition's gaze has been pursued with a vigour that borders on an almost McCarthyite zealotry. On 12 October 2010, the Minister said:

> "The economic divide between the Greater South East and the rest of England is as wide today as when the RDAs began their work. That by any measure is a failed policy."

The case against One NorthEast totally and utterly reduced it to a list of failings, without due or proportionate regard to its obvious successes, which, unfortunately, did not come to light until after it had effectively been dismantled. Many of the coalition's policies, including the new homes bonus and impending reforms to the business rate, are likely to favour the south over the north, and the north-east in particular. Recent spending decisions in key areas such as science and technology largely favour a strong southern bias.

The bias in research and development towards the south is cumulatively increased when areas that produce traditional industrial products, such as Teesside, require further state investment, such as grants for business investment schemes, job creation programmes, and public sector relocation. If that investment is not forthcoming, the north-east will remain behind the curve in comparison with its sister regions in England.

James Wharton (Stockton South) (Con): The hon. Gentleman speaks very passionately on the subject; none the-less, I find it hard to agree with some of his comments. He says that the north-east is falling behind, but since mid-August there have been announced almost 26,000 new private sector jobs, investment worth some £9 billion and private sector contracts worth £1.5 billion. The north-east economy is booming in some areas, and that should be welcomed. Far from falling behind the rest of the country, we are showing all the signs of powering ahead, rebalancing our regional economy and getting the private sector up and running again.

Tom Blenkinsop: The hon. Gentleman is a strong advocate for Stockton South and a worthy adversary indeed. He is right: Teesside has a fantastic industrial economy and many new projects have opened up across the region, in his own patch as well as my own. However, those jobs will be created over a certain time period. Many of those were to have been announced before the general election, but for a number of reasons the announcement was halted until after the election was called. It would be false to say that One NorthEast did not have a prime role in bringing those businesses to our region. As a former union official in the steel industry, I know how much One NorthEast has worked with both Governments in trying to get Sahaviriya Steel Industries into the region. What I am trying to say is that a list of failings was produced but there was never an equitable list of positives and negatives when we were assessing RDAs.

We strongly require support for the emergence of a range of different financial sources for infrastructure development, including the green bank, and a greater localised and decentralised source of capital explicitly held for manufacturing entrepreneurship. That will allow risk-takers to take those industrial strides around the existing capital and skills inherent in the cultural demographics of our region. I hope that, unlike the Secretary of State for Energy and Climate Change, the Minister will consider a manufacturing green bank that works with the agencies to deliver the technology and product design that will give us green technologies—working and operating out of Edinburgh, the Secretary of State's preferred location—rather than holding debates on "green" ISAs or other financial products that simply have the term "green" before them. That green finance must be aimed at manufacturing and not solely at financial high-street products if the Government's own agglomeration policy is to be pursued for manufacturing.

However, I understand where the Government are coming from on industry. Agglomeration is fine, but industrialised clustering works even better, as we have seen in Germany and the Netherlands, when industry has its own access to funding to implement its own decisions, or when financiers are educated in industry and are located nearby, as documented in yesterday's *Financial Times*. However, that connection between finance and industry is still vague and I very much doubt that Ministers at DECC and the Treasury are concerned about it at present, as both Departments appear to have a more obvious preoccupation with carbon floor pricing than with industrial finance. Carbon floor pricing, which I will discuss later, is perhaps the most important issue for Teesside.

I also challenge the Government's huge assumptions about another topic that I will discuss later: export-led growth. It is obvious to any man and woman in the street that all Governments at any point in time want export-led growth. A healthy balance of trade is integral to a modern industrialised economy. However, we have to be vigilant about the economic mood music emanating from Asia at present.

[Tom Blenkinsop]

Enterprise zones—an issue particular to my area—are the Thatcherite reprise of this Government. The enterprise zones policy is not wholly bad, but previous examples have shown that they are best used in certain sectors such as retail and finance. Our financial capitals are established overwhelmingly in London, although Leeds has developed in that regard in recent years. A previous example of enterprise zone growth in the north-east is evident at Gateshead's Metro centre. However, what we do best on Teesside is not best suited to enterprise zones, and they ignore the broader view of industrialists in the port and chemical sectors.

I also want to look at particular areas in my constituency, such as our local high streets in Middlesbrough, Guisborough and East Cleveland.

Ian Lucas (Wrexham) (Lab): I promise not to intervene often, as many Members are here for this debate. My hon. Friend mentioned my home town of Gateshead, and the Metro centre, which was viewed as a tremendous success in the 1980s, when it was initiated. However, did not the Metro centre have a profoundly negative effect on Gateshead town centre? That is the real danger that exists with any introduction of enterprise zones. They might assist a very small geographical area, but they might also create what is almost a wasteland outside their boundaries.

Tom Blenkinsop: I thank my hon. Friend for his intervention and I have to agree with him. Obviously, there are benefits from enterprise zones. They bring a certain percentage of business in, but they also displace existing business. I will go into that issue in more detail later.

What can we do for small and medium-sized businesses and the self-employed? I have already talked to the Minister about that, and I believe my comments were received very positively. Ultimately, however, the direction of the north-east must be viewed from the perspective of the north-east. Until our region has more command of its economic destiny, it will continually have to bid against other English regions and Scotland and Wales for attention and investment.

Economic development in the north-east is a subject of deep concern to my constituents and the people of the wider region. Indeed, it should also be of concern to all the people of the UK, because without shared growth our country can never travel the road to prosperity. In the coalition agreement last year, the Prime Minister and the Deputy Prime Minister said:

"We both want to build a new economy from the rubble of the old. We will support sustainable growth and enterprise, balanced across all regions and all industries".

That was and is an admirable pursuit, but my constituents are not seeing words being translated into action. In contrast, despite the north-east having the highest proportion of workers in the public sector of any English region, the Conservative-led Government have vague plans for growth in the north-east's private sector, while simultaneously attacking its public sector base and the businesses—small and medium-sized, as well as self-employed—that thrive as a result of that public spending. The Prime Minister and the Deputy Prime Minister may have likened the economy under the last Government to "rubble", but the last Government understood the regions and gave real teeth to regional development.

For example, the north-east regional development agency—One NorthEast—was one of those rarest of things: a public body with almost unanimous support that attracted praise from public and private sectors alike. However, a subtle criticism I have of the agency is that the region should have capitalised on the opportunity that it provided to take strides on its own. With a regional assembly that is democratically legitimate, our region would certainly be in a stronger position to attract business as well as to retain it, rather than witnessing what we are seeing in some areas: a partial and gradual leakage of industry from our region.

Praise for One NorthEast is well deserved. An independent report by PricewaterhouseCoopers showed that regional development agencies return £4.50 to regional gross value added for every £1 spent, if allowance is made for the expected persistence of economic benefits. Furthermore, the National Audit Office's independent performance assessment concluded that One NorthEast was performing strongly. So why has it been abolished, especially after the Business Secretary said that the regions could decide what best suits their area? The only answer can be that the Conservative-led Government's business policy is dictated from an informed position, but one that looks from London. It is a policy that will work, but not for all, and is ultimately submerged in an ideological fervour. It is formed not by regional or local opinion but Whitehall dogma. However, I reiterate that I do not believe that Ministers are stupid or ignorant of economics; they are simply applying a view that does not have a kernel within my region, and which does not redistribute wealth.

One NorthEast is the body that helped to set up and support the North East of England Process Industry Cluster, which made £1 billion gross value added in six years with just £3 million of public support. However, in addition to the scrapping of One NorthEast, we have now seen the abrupt end to the emergency package devised for Teesside in the wake of steel job losses. That fund targeted jobs growth in the chemicals sector, particularly in the growth area of agri-chemicals, as an alternative to lost steel jobs. Obviously, we have had the excellent news of the investment by SSI at Teesside Cast Products. However, that emergency jobs scheme has been axed, even though it is still allocating work and has £18 million in uncommitted funds that could have been used to support and enhance the objectives of NEPIC members' companies.

Now we hear that a long-standing and successful job creation fund, which in the past decade has helped to create many hundreds of thousands of jobs in areas such as the north-east, is to be axed by stealth. That fund—the grants for business investment scheme, under the name regional selective assistance—has been responsible in the north-east for pumping £112 million into poorer parts of the region, helping to create 25,000 jobs. In various forms and under successive Governments, the scheme has been in place since the late 1960s. It survived the Heath years, the 1970s Labour Governments and even the Thatcher and Major years, as well as the following Blair and Brown Governments. Despite differences of economic policy, all those Administrations recognised the value of regional selective assistance. Throughout that whole post-second world war period, that element of consensual "Butskellism" remained and only now has it been totally dismantled.

The Chancellor has announced the creation of at least 10 enterprise zones across Britain, in a scaled-down revival of Margaret Thatcher's flagship urban renewal programme of the 1980s. The Chancellor hopes that those zones, which will offer simpler planning rules and corporate tax breaks, will accelerate development in areas that already have high growth potential. They will not simply be created in areas of physical decline. However, sceptics believe that they could be ineffective and that the appeal of the tax breaks will be limited by the fact that only £100 million of Government subsidy will be available, spread over four years.

The Chancellor's announcement is part of a wave of initiatives to be unveiled by Ministers before the Budget tomorrow, all of which are intended to prove that the Government have a coherent strategy for growth. He will announce at least 10 zones, which are expected to be chosen by Ministers on the basis of submissions by councils and business leaders. To address fears that this is a top-down initiative that might sideline town halls and local enterprise partnerships, the Chancellor will say that local authorities will be able to keep all of the business rates that they raise in the new zones.

However, retention of the business rates will almost certainly benefit a number of London and south-east areas. In fact, the special interest group of municipal authorities, or SIGOMA, analysis of 2009-10 settlement-based grants showed that the top 10 councils to benefit are Westminster, City of London, Surrey, Hertfordshire, Hillingdon, Hampshire, Camden, West Sussex, Kent and Essex. The London boroughs of Westminster, Hammersmith and Fulham, Kensington and Chelsea, and the City of London will gain £1.6 billion in total in local spending, whereas the north-east, north-west and Yorkshire will lose out by £760 million in total.

The Chancellor insists that the coalition's initiative will shift growth from London and the south-east to other regions, and he says that it contrasts with what he claims was Labour's attempt to micro-manage the economy. He told his party's spring conference in Cardiff:

"Our approach is different: tax breaks and less bureaucracy, not quangos and more regulation."

James Wharton: As I sense that the hon. Gentleman might be moving on in his speech, it is important to put very clearly on the record that, although he and I disagree about enterprise zones, there is a great deal of support right across Teesside for the campaign to get an enterprise zone in our local area. That support comes from not only me and the hon. Member for Redcar (Ian Swales) as local MPs but Ray Mallon, the mayor of Middlesbrough, and business people such as Steve Gibson, who is the chairman of Middlesbrough football club, as the hon. Gentleman knows. Moreover, the local enterprise partnership is extremely keen to secure an enterprise zone. It is important that the Minister hears those comments, which should be on the record. We really want an economic zone, although I acknowledge that the hon. Gentleman, who represents a neighbouring constituency, has a different view of the success of such zones from me.

Tom Blenkinsop: Yes, I know Steve Gibson—I am a season ticket holder at Middlesbrough FC. I partially agree with what the hon. Gentleman has said. Local authorities, business leaders and LEPs have to work within the frameworks and structures that they are given, and they have to make those frameworks and structures work. However, this is a broad debate about the policy, and if I did not talk about the economic implications of the policy, I would not be doing a proper service to my constituents.

Reviving enterprise zones will prove ineffective, even if that aim is achieved at less cost than that of the 1980s model and the zones are redesigned for today's circumstances. The Work Foundation and the Centre for Cities think-tanks argue in recently published reports that zones created under the now Lady Thatcher and Sir John Major created too few jobs and were too expensive. The Work Foundation has said that such zones typically created only a three-year boost before areas lapsed into depression, and that up to four fifths of jobs were simply displaced from other areas, often within the same town.

London's Isle of Dogs—now Canary Wharf—was among the most successful of 38 enterprise zones created between 1981 and 1996, but others in places such as Middlesbrough, Speke, Hartlepool and Swansea left a less impressive legacy. The EEF manufacturing association has said that the policy sounds like a return to the past. The rhetoric deployed by the Government indeed sounds attractive, but I signal real caution and suggest to them and to supporters of enterprise zones that they reacquaint themselves with Teesside's history in the 1980s. Enterprise zones offer potential relief on local business rates, reductions in corporation tax or national insurance contributions, tax credits or capital gains allowances on investment in premises, and the relaxation or fast-tracking of planning processes and capital expenditure subsidies. Did that work in the '80s throughout the north-east, and throughout all sectors and, more importantly, will it work now in 2011? I had a look at my old economics notes from Teesside university, and all the evidence from the past suggests that enterprise zones did not work, and possibly will not again.

Locally, Middlesbrough's Riverside Park, which has since been very successful, was designated as an enterprise zone, but all that happened was a rush to get speculative office development off the ground with no tenants and no businesses to fill the new buildings. That, of course, did not worry the developers, who simply benefited from the tax perks from building in an enterprise zone and allowed the empty buildings to be used to make artificial losses, which reduced the total taxation on their developments elsewhere. Such experiences, bar perhaps the Metro centre and Black and Decker in Durham and the London Docklands, were admitted as a failure at the time by the Thatcher Government. In their official evaluation, the Government admitted that between 1981 and 1986 they poured £300 million into the scheme but created only 13,000 new jobs nationally, which equates to £45,000 of public cash per job at the mid-1980s value of sterling. The same study also stated that enterprise zones mainly encouraged job displacement rather than real new jobs, and it showed that 25% of new jobs in enterprise zones were displaced from within the same town.

Repeated today, that type of local displacement risks seriously destabilising our local economy, as it involves artificially enticing businesses into what could be seen as less competitive areas within the same town. On the face of it, it might seem obvious that lower taxes boost

[Tom Blenkinsop]

business, but that was not borne out by experience. It quickly became clear for the majority of small businesses that their biggest concern was about making a profit in the first place, and about the risks associated with achieving that, rather than about tax on revenue or profit. Questions of rent, skilled workers and access to markets were more significant than a temporary lifting of a tax burden in a specific area rather than across the board.

The only people who benefited in the 1980s were the developers, not wealth-creating manufacturing businesses. We should not dismiss out of hand any proposals to encourage job creation and, for the sake of my area, if the plan goes ahead I will wish it every success, but the evidence of actual gain is thin indeed. Some already established businesses and their owners might see it as a helpful tax avoidance scheme, but that only benefits the already rich by possibly multiplying their wealth and does not create any added value.

Guy Opperman (Hexham) (Con): I congratulate the hon. Gentleman on securing the debate, because it is a very helpful process. I have listened for 23 minutes now, and there is a great deal of criticism of what is being tried by the Government but no alternative being put forward. I look forward with great interest to hearing what the alternative will be—

Ian Lucas: Labour.

Guy Opperman: The hon. Gentleman says that, but someone has to pay back the £120 million-a-day debt. Speaking as the son of manufacturers who have been in the industry for many years, what the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) describes is not necessarily how my family have found it.

Tom Blenkinsop: I will come on to discuss the alternatives. We have seen borrowing increase by £2 billion, and certain policies, which I will come on to later, have economic effects on the national economy, and more profoundly on that of the north-east. Those effects will be part and parcel of the package due to inflation, and the retail prices index is currently running at a 20-year high. Such national policies are being put in place to deal with the deficit, but they seem to do only that, rather than presenting a progressive or prospective economic plan.

Turning to industry, chemical firms with major operations on Teesside, as well as our local steel producers Tata, have grave and well-founded concerns about industrial growth policy. I am, of course, talking about carbon floor prices. A consortium of firms, including SABIC, Lucite International and GrowHow, has recently criticised the Government's energy strategy, justly claiming that it hinders the competitiveness of UK manufacturers more than any employment regulation or tribunal. The implementation of a minimum price for carbon will add a minimum of 20% to energy-intensive users' energy bills. If the policy is implemented, our nearby EU competitors will no doubt exploit the situation, as will competition further afield. The policy will hinder further inward investment, and might lead to the departure from our region of good companies that provide long-term, well-paid, skilled work. EU competitors have attempted and then pulled away from equivalent policies. Changes to the carbon reduction commitment scheme, which amount to a £1 billion tax, will also delay green investment and hurt small downstream industry that aids steel production in the UK. Ultimately, potential and existing investors will move abroad to less efficient and less green arrangements, which will not benefit our economy either nationally or regionally.

Alex Cunningham (Stockton North) (Lab): Yesterday evening, some other MPs and I met some of the major companies in the energy-intensive industries, many of which are in our constituencies in the north-east. The Government plan to have carbon capture programmes, but none of them takes into account the specific needs of those industries. Does my hon. Friend believe that the Government should think again, and instead of just concentrating on energy plans concentrate on the needs of industries as well?

Tom Blenkinsop: My hon. Friend hits the nail right on the head. Whatever policy we have—an agglomeration policy, or a slightly different industrial policy—the energy factor, which I will go into in more detail later, will have a more and more profound impact on industry's ability to retain and maintain its current position as well as to invest. Teesside is potentially one of the key areas in the country, never mind the region, for that investment, particularly in the chemical and steel sectors. My hon. Friend makes an excellent point.

Of anything that I say today, I beg the Minister to take that message about carbon floor pricing back to the Department for Business, Innovation and Skills, the Treasury and the Department of Energy and Climate Change, to block any moves that will hurt our north-east in general, and Teesside's industrial core in particular. The announcement of a supposed regional growth strategy for the north-east as part of the comprehensive spending review is at best misleading and at worst a smokescreen to hide the deep cuts that will stunt economic growth in our region. The regional growth fund will also have to finance bids for housing and transport plans, so it is obvious that even a successful LEP bid to the fund will mean only a small slice of a very small cake. The fund was designed to redress the regional imbalance in the economy, so surely providing funds to companies in the affluent south-east will undermine its objectives.

I am also extremely concerned that the Government may well be turning away millions of pounds of EC funding for new economic initiatives and infrastructure projects, because their blunders over the winding-up of the regional development agencies means that they do not have the match funding for those job-creating schemes. On Teesside that is made worse, as the back-up service for a Tees valley LEP will rely on the existing Tees Valley Unlimited agency and its staff. However, that too has had £7 million of its £9 million budget slashed. There will also be a real terms cut of 9% to the science budget, which threatens to leave the UK behind international competitors such as the US and Germany, which are still increasing their science spending despite the economic climate. Even the Minister for Universities and Science said recently that scientific research contributes

to long-term growth. If the Chancellor agrees with that, why are we not increasing the science budget like other countries?

The Government announced in the CSR that £1 billion would be provided to fund carbon capture and storage. According to Jeff Chapman, chief executive of the Carbon Capture and Storage Association, that will fund one project,

"but it's not enough for four".

I argue that the Wilton site, in the constituency of the hon. Member for Redcar (Ian Swales), is ideal for the project in many respects.

We must be able to capitalise on foreign export opportunities, yet we must not rely wholly on them. As I have said, this Government have given absolute economic primacy to deficit reduction. That has massive implications for a sector-led agglomeration anywhere in England, but it will particularly affect how potential foreign export purchasers view England, especially the north-east.

Chemicals are a major player nationally as well as locally on Teesside, and they make up more than 30% of UK economic exports. Teesside has massive potential, with projects such as Chain Reaction by PD Ports at Teesport and Hartlepool, agrichemicals as a new growth sector, petrochemical developments, SSI and Tata at Teesside Cast Products and many more.

US ambassador Louis Susman has questioned the wisdom of the Chancellor's massive spending cuts, warning that they risk plunging Britain into a double-dip recession. His remarks echo those of leading economists at the International Monetary Fund, who said last week that the US and EU economies remain too fragile to absorb major deficit cuts, concluding that additional spending and tax breaks would be a much more sensible strategy. In an interview with *The Daily Telegraph*, Susman praised the Chancellor's determination to eliminate the deficit within a single Parliament as "very admirable", but warned:

"But the question is, is it too much, too fast? We worry about double-dip recession and the lack of growth."

So do I.

China reported a trade deficit in February of £4.5 billion. Exports from China grew by 2.4%, which was less than expected, mainly due to the appreciation in value of China's currency. However, growth in imports also decreased from an expected 30% to 19.4%. We must remember that under Labour, between January and August 2010, exports to China from the UK rose by 44%, which especially helped manufacturers. Between January and April 2010, manufacturers boosted UK exports by £21.3 billion. The demonstrable reduction in Chinese demand is having huge effects on other international economies that export or rely on exports.

The coalition Government must understand that an export-led growth strategy alone will not suffice. Besides the obvious structural unemployment issues—the skills of redundant public service workers in the north-east will not match the growing sectors, if any grow—manufacturing sector credit squeezes in China, the terrible floods in Australia that have limited coke exports, desperate earthquakes and tsunamis in Japan and ongoing events in Libya, Bahrain, Yemen, Saudi Arabia and the wider middle east and north Africa will affect an overly optimistic and wholly reliant British exports policy. Iron ore, steel, cotton and other commodities are peaking at extraordinarily high levels. More importantly, coal, gas and oil markets are peaking as Japan, China, and Germany re-evaluate their nuclear policies, which is already affecting our access to fossil fuels and their domestic and industrial usage and price. That will undoubtedly affect not just our north-eastern industry but our national export capability.

By betting the house solely on exports, we expose ourselves to a potential backfire. However, public sector investment and an export policy need not be mutually exclusive. Obviously, we can pursue an export policy while retaining our levels of public sector investment in the north-east. Again, however, an export policy with no real investment and no public sector expenditure belies the coalition's policy of giving economic primacy to deficit reduction. We should not reduce the deficit at the price of our public sector and, in turn, of the small and medium-sized businesses in the north-east that rely on it.

The planned changes implemented so far include a rise in VAT to 20%, which will affect consumer spend. Businesses such as leisure, hotels, restaurants and retail will bear the brunt. Indeed, figures from the Office for Budget Responsibility stated today that the consumer prices index was at 4.4%, double the Tory-led Government's estimates. I am a traditionalist, and as a former union officer I never dealt in CPI, but always in RPI. The OBR says that the retail prices index has risen from 5.1% to 5.5%, the highest in 20 years. Funnily enough, that was the last time there was a Tory Government. We have had the wrong kind of snow from this Chancellor, and now he claims, as he did on the front page of the *Financial Times*, that we have the wrong kind of inflation, causing him to have to borrow £11.8 billion, up from £9.5 billion last year. I thought that we were making cuts in order to reduce loans.

The effects of the Government's policies resonate hugely, and nowhere more than in the north-east. R3, the association of business recovery professionals, regularly contacts me regarding time-to-pay arrangements for small and medium-sized businesses, especially given the impact of oncoming public sector cuts. Time to pay is crucial in the north-east to help the self-employed and small businesses currently in trouble to avoid insolvency and prevent the further private sector redundancies that will be inevitable after public sector cuts.

R3 surveyed 300 small businesses and found that one third relied wholly on public sector spending in one form or another. The survey was nationwide, and things will undoubtedly be more severe in the north-east. The situation will be more acute, of course, if interest rates increase on top of the inflationary figures estimated today by the OBR.

On behalf of small businesses, I welcome the Government's potential simplification of tax, especially if national insurance and income tax are combined. However, the Government could go further for the north-east and its small businesses. High streets in ancient market towns such as Guisborough, Brotton, Loftus, Skelton, Saltburn and other East Cleveland villages need help. Some great small businesses are developing in my constituency. *Coastal View*, for example, is a new free monthly paper that advertises other local businesses. In south Middlesbrough, retail is also key at

[Tom Blenkinsop]

shopping areas such as the Parkway in Coulby Newham, Easterside, Marton, Marton Manor, Hemlington and Park End.

Self-employed women and men in my region need quick assistance. On behalf of small businesses, I ask the Minister this: rather than enterprise zones, could the north-east as a whole pilot a 5% VAT rate for construction? Evidence in France has shown it to have turnover benefits of 7%. The Government must act on VAT and fuel duty, and the consensus on that is cross-party, especially on fuel. The 5% VAT rate could be extended in turn to public houses, restaurants and food service in general, helping struggling small businesses while aiding our region's burgeoning activity tourism economy. Similarly, VAT exemption rates could be lifted from £60,000 to £90,000 for small businesses and the self-employed, bringing in broadly the same revenues for the Treasury while giving small business a break. Again, that could be piloted in the north-east.

I give the Government credit for relaxing planning regulations to allow some commercial properties to be changed to housing accommodation. It might prove a more viable solution in rural areas of my constituency, particularly on certain high streets in East Cleveland. Even so, small businesses will become increasingly key in the fine economic blend of the north-east region.

I understand that I have raised many sectoral topics and a diverse array of issues, but I look forward to any response that the Minister can give.

11.37 am

Guy Opperman (Hexham) (Con): It is a great pleasure to follow a fine, long and detailed speech that took us on a lovely journey through your constituency and touched on many local areas, but not on many others. I waited—I probably waited too long to intervene—for you to acknowledge that the £120 million-a-day debt with which the Chancellor must deal is something that you caused. It did not arise out of nowhere. I hope that it is accepted that whoever was in power—this applies just as much to your good selves as it does to us—would have had to deal with that debt. To ignore the huge debt that we must deal with when addressing the economics of the situation is unacceptable.

If I counted correctly, there were few things of which you were in favour: simplification of tax, a possible VAT cut to 5% and the relaxation of some planning regulations. In 35 minutes, almost no description of anything that we are doing did not chime with McCarthyite zealotry, which is the most eloquent and powerful description of what you were trying to do—

Martin Caton (in the Chair): Order. Mr Opperman, you keep saying "you" and "your". You are supposed to be addressing me, and you are ascribing to me views that perhaps I do not hold.

Guy Opperman: I apologise. That is entirely true, Mr Caton. I could not possibly comment on whether anybody had McCarthyite zealotry.

I have listened to the hon. Member for Middlesbrough South and East Cleveland and hope that he will advance the issue. It is wrong, however, to describe enterprise zones as a bad thing and to say that policies should be implemented in a way that ignores tremendous benefits. I am sure that my hon. Friend the Member for Redcar (Ian Swales) would describe the great benefits of Corus, and we should not ignore the fact that the North East of England Process Industry Cluster has come forward. All of those are good things.

Frankly, it is important, at this moment in time, to deal with deficit reduction. If there is a manifest difference between the proposals of the hon. Member for Middlesbrough South and East Cleveland and ours, it is about whether the deficit is the key or not. I suggest that, at a time in which we are in so much debt, the deficit is always the key, because if we do not address it, we will disappear into a situation akin to that of Greece or Portugal.

Tom Blenkinsop: I do not deny that the Government's plans are sensible, have a point and a logic, and that they might work. The point is about who they will benefit. Is this yet more trickle-down economics, or are we genuinely talking about redistributive economics? Redistributive economics favours the north-east, but I am afraid that trickle-down economics favours the south-east. The Chancellor's plans may indeed work, but to whose benefit?

Guy Opperman: The dispute between us is fairly stark in terms of the extent to which we have the potential to repay. My view is that the Chancellor is trying—this is not something he wanted to inherit—to address the £120 million-a-day debt and to be in a position to do that. I believe that he will take the issue forward and that there are real opportunities in the way ahead. I speak as the representative of a fundamentally rural constituency, but jobs are up and the points made by my hon. Friend the Member for Stockton South (James Wharton) are fair. It will be difficult, but I am absolutely certain that the Chancellor has the right policy.

11.42 am

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I congratulate my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) on securing this timely and important debate, and on his excellent overview of the north-east economy. Given the particular challenges faced in a region such as ours, and the already felt and anticipated impact of this Conservative-led Government's policies, I could touch on so many issues in this debate. However, given that Newcastle airport is based in my constituency, I think it appropriate to address the important role played by aviation in the development of the north-east economy.

With about 3,000 people on site, the airport is the largest employer in Newcastle upon Tyne North. It contributes about £400 million to the north-east economy annually, and it handles more than 5 million passengers a year. The excellent service provided by Newcastle airport to domestic and international passengers has been nationally recognised by its peers, having been voted the best UK airport by the British Air Transport Association for two years running.

Indeed, the service provided by Newcastle airport has become increasingly important to the region's economy over the years, with the growth of the tourism industry in the past decade or so being one of the real success

stories for the north-east. Tourism is now worth nearly £4 billion to the region's economy and employs more than 65,000 people, while the increase in visitor numbers to north-east England has been outstripped only by London in recent years. To give just one example of the airport's impact on the north-east economy, the new Emirates route that launched in 2007 saw the region's first ever scheduled long-haul route. It flies daily from Newcastle to Dubai, and it has opened up onward connections to more than 50 destinations around the world. It has also opened up a whole new tourism market for north-east England, leading to One NorthEast's award-winning "Passionate People, Passionate Places" campaign heading as far afield as Australia and New Zealand to target those people who were then within easier reach of our region.

The Conservative-led Government's cuts, however, and their decision to abolish our regional development agency, mean that north-east England no longer has the capacity to promote itself as a tourism destination either nationally or internationally. This situation and the abrupt end to the "Passionate People, Passionate Places" campaign have been rightly and roundly criticised in the region.

As the Minister should be aware, north-east England is also one of the few regions in the UK with a positive balance of payments—recently published figures indicate that the total value of north-east exports was £11.91 billion in 2010. At the same time, inward investment has played an increasingly important role in the north-east economy, creating or safeguarding more than 6,500 jobs in our region in 2009-10 alone, and levering in £720 million in capital. About 82% of the inward investment came as a direct result of One NorthEast. I hope that the Minister will reflect on that serious point.

Newcastle airport plays an important role in supporting the strength of the north-east export market and our foreign trading links, providing the region's businesses with easy access to key international markets. Direct flights from Newcastle to Stavanger in Norway, for example, have proved crucial in supporting the development of the north-east's offshore and subsea industries. Moreover, the Emirates link to Dubai, which I have mentioned, now provides easier access to commercial opportunities in China, the far east and India, as well as the middle east.

Another key area vital to the growth of the region's economy is ensuring that we have the skilled work force of the future. I am a passionate supporter of vocational education and apprenticeships, which is why I tabled my Apprenticeships and Skills (Public Procurement Contracts) Bill. Recently, it was a pleasure to go to the airport and meet one current and one former motor technician apprentice—one at the start of their career, the other at the end—who have both trained and worked at the airport. I also pay tribute to the £3.3million Newcastle Aviation Academy, which was officially launched in 2009 having received investment from Newcastle college, One NorthEast and the Learning and Skills Council. This top-of-the-range facility, based at Newcastle airport, provides a wide range of training in all aspects of the aviation industry, including aircraft engineering, aeronautical engineering, and airport and airline management. It is exactly the sort of thing that the previous Labour Government invested in to support young people, rather than write them off, which is what some of the Government's policies are doing.

Newcastle airport has, therefore, played an integral part in the north-east's economic past, and will continue to do so in the future. However, a key, ongoing issue for the airport and north-east businesses has been the impact of air passenger duty and the Government's proposals to move to a per plane duty. Notwithstanding the importance of ensuring a greener, low-carbon economy and the important part that aviation must play in achieving that, this and any other taxation policy must concentrate not only on increasing revenue for the Treasury and greening our economy, but on rebalancing our economy in a way that will not impact disproportionately on our regions.

The *Newcastle Journal's* long-standing campaign, "A Tax Too Far", has called on Governments, past and present, to recognise the disproportionate impact of APD on regional airports. It urges that APD or PPD be restructured in line with the impact they have on regions, compared with London, and for consideration to be given to reduced rates of APD for new start-up routes in and out of the north-east. The *Newcastle Journal's* campaign has clear support from the business community. In January, the Emirates vice president for the UK and Ireland, Laurie Berryman, made it clear that larger airlines would be forced to consider their position at UK regional airports if APD becomes too great and passenger numbers fall. Moreover, earlier this month, the North East chamber of commerce wrote to the Secretary of State for Transport to call for an overhaul of the APD system, stating that it has a disproportionate impact on our region's businesses. The NECC is calling for differential rates for regional airports, to replace the current blanket duty, in order to ensure that the north-east economy does not suffer and that its export businesses can continue to grow. As the NECC chief executive, James Ramsbotham, has pointed out:

> "North East businesses already face heavier costs than their counterparts in other regions in order to access common markets due to high fuel prices, so addressing the anomalies that APD gives rise to will ensure that our exporting businesses have a much better chance of realising their potential."

Of course, if differential rates of APD or PPD were introduced for regional airports, it would also reduce pressure on Newcastle airport's already overcrowded south-east counterparts. In the words of Graeme Mason, head of corporate affairs at Newcastle airport:

> "By freezing or reducing the rate of APD out of regional airports, the Government could, at a stroke, rebalance the economy, reduce the North-South divide, and take the pressure off the South East."

An announcement on the issue is expected in the Chancellor's Budget tomorrow. Will he recognise the regional impact of tax and provide a real stimulus for regional economies like ours in the north-east in his so-called "Budget for growth"? Like Newcastle airport, the North East chamber of commerce and many other north-east businesses, I—and I am sure my colleagues—await the Chancellor's announcement tomorrow with great anticipation.

11.50 am

Ian Swales (Redcar) (LD): I congratulate my hon. neighbour—as I suppose I should call him—the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) on securing the debate and on his powerful and very well-researched speech. He has done excellent work.

[Ian Swales]

As we know, the north-east economy is largely founded on the historic industries of coal mining, ship building and steel manufacture. For decades, we have had issues with both the run-down of those industries and the run-down of employment in those industries, even those that continue. Although the news of the revival of the steel industry is very welcome in my constituency, I do not think it will employ 10,000-plus people again, which it did not so long ago. There has been a long history of assistance being given to the north-east in relation to various coal and steel closure areas and regional development grants. In the 1980s, I remember filling in the forms for regional development grants in a former life. There has been a long history of needing to do something about the north-east, and various Governments have continued that.

I accept the points made about the RDA. RDAs around the country have had patchy success. However, I think that even the other RDAs would recognise that One NorthEast was probably the best and most successful. I pay tribute to the former Minister for the North East, the right hon. Member for Newcastle upon Tyne East (Mr Brown), for his passion and advocacy both of RDAs and the region. Something we should all recognise in this place is that what divides us politically is far less than what joins us when it comes to regional issues.

The RDA did good work but, as I said in the recent debate in the House led by the right hon. Member for Newcastle upon Tyne East, we need to consider the study done last year by Experian and the BBC. They looked at 324 areas in the country in terms of economic strength and rated Hartlepool as 314th, Redcar and Cleveland as 319th and Middlesbrough last at 324th. Whatever else has happened, we have not driven the Teesside area up the economic league. The only time we had any significant urban renewal in Teesside was from 1987 to 1998, when we had Hartlepool marina, Stockton riverside and university campus, Teesside barrage and waterpark, Teesside retail and leisure park, and Middlesbrough riverside. That was the period of the flawed but, nevertheless, energetic and focused Teesside development corporation, which was scrapped by the Labour Government when they came to power. Much less has happened since in that regard.

I shall turn to transport. The Tees valley is the birth place of passenger railways. If someone were to ask in a pub quiz where the first passenger railway was, most people would say that it was Stockton to Darlington, which runs along the Tees valley. So where are we today with our railways? We still have a railway that runs from Darlington, almost touches Stockton and goes all the way through to Saltburn. It passes very close to the Riverside stadium, but does not stop there; it passes very close to Teesside retail and leisure park, but does not stop there; and it passes within half a mile of Teesside airport, but does not stop there. Is there another airport in the country that has virtually no public transport? The failure to even allow a railway that already exists close to Teesside airport to be part of the transport structure in the area shows that there is an awful lot to do. Middlesbrough is the largest town in the country without a direct link to London, which is another example of what is left to do. We have some real issues to deal with and real work left to do.

In business, I always used to say that one could tell whether a committee was any use, first, by how it was formed—did it form itself?—and, secondly, whether people attended it. Teesside Valley Unlimited formed itself as a private-sector led, private-public partnership about five years ago, because of the perceived needs of the Tees valley and the difficulties there. It is no surprise that that organisation was very quick out of the traps when it saw the opportunity to have a local enterprise partnership for the area. I know that that enraged some people further north and that it was felt to be a fragmentation of effort that may lead to outcomes that are not as good.

Alex Cunningham: I have always been a one region person. Although I congratulate the people of Tees valley on putting together the first LEP in the region, does the hon. Gentleman not agree that it is important that the north-east—the smallest region in the country—works closely together and has a tremendous partnership with our local authorities and other organisations in order to drive the region forward? We should not simply try to plough our own furrow, as some people would have us do.

Ian Swales: I was about to come on to that matter. I thank the hon. Gentleman for his question. Absolutely, we need one regional voice on a number of issues. This Government perhaps differ from the previous Government in that we do not see the need for such an approach to be prescribed in detail for every region. I hope that the existing structures can make decisions, create what they think they need and make it work. If there are two LEPs in an area, the Government are not prescribing that they cannot talk to each other and say, "Okay, let's jointly work on this." A good example is European funding. The Government have already decided to retain a regional focus for European funding, because that is what is necessary.

Tom Blenkinsop: The hon. Gentleman is an excellent advocate for the region, and it has been a pleasure working with him on getting steel back to Teesside. However, there are some fundamental problems with the LEP structure. Let us consider, for example, Hitachi. As he has rightly mentioned, that is a great success story for the region. How will small and medium-sized enterprises in the Tees Valley LEP that want to grow around Hitachi, which is not in the Tees Valley LEP, interact with the new LEP, the North East Economic Partnership and the other structures?

Ian Swales: I thank the hon. Gentleman for mentioning that. Not everything happens through Government agencies. Business is business. If I were running a business, or if I wanted to run a business in the Tees valley, and I knew that a train manufacturing facility was being set up 10 miles away, I would not need a Government agency to lead me to talk to people and make things happen. We have suffered from the idea that people wait to be told what to do, and that is a good example.

Tom Blenkinsop: That still does not answer my point. If an SME wants to get regional growth fund funding, which LEPs does it talk to? Does it talk to both? Does it also talk to the NEEP, or does it talk to the Department

for Business, Innovation and Skills and the Treasury directly? It seems that the need for further meetings will increase, rather than decrease.

Ian Swales: Okay. I will be more specific for the hon. Gentleman. Clearly, if a business wants to base itself in the Tees valley and has customers—wherever they are—it should talk to the Tees Valley LEP. If those customers happen to be in the region, that is fine. I do not see a problem with that. As I have said, there is no law that states people cannot talk to each other.

An almost religious adherence to the regions has had some benefits, but it has also created some problems. In 2004, the people of the north-east firmly rejected the idea of regional government. Some of us regretted that more than others, but the decision was absolutely overwhelming—not just from the fringes of the north-east but from the heartlands of Tyneside and Wearside.

Ian Mearns (Gateshead) (Lab): I welcome the hon. Gentleman's point, but I think that he accepts that if he wanted to put together a worse set of circumstances to get a yes vote, it probably could not be done. Does he agree with that?

Ian Swales: Absolutely. One issue was whether central Government were prepared to release enough powers. I remember reading the document and being unimpressed by such statements as the "power to advise Ministers", which did not strike me as a particularly powerful power, so I agree with that. Regionalisation, however, has had some impacts—I will come on to wider issues in a moment—on the Tees valley. For example, our area, which contains 750,000 people, has been deemed unable to run our own ambulance service, which has been moved out of the area. The fire service was about to be moved, and an attempt was made to try to get the police to merge with another organisation. We need to stand up strongly for what is a very natural, large area of population, and, sadly, regionalisation has not always helped.

[MR EDWARD LEIGH *in the Chair*]

I am not a "little Teessider"—my wife comes from Stanley, which is quite a bit further north. My right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) would not let me get through this debate without mentioning the dualling of the A1. Just in case hon. Members did not think that was going to happen, it has happened. *[Interruption.]* Sorry, the dualling has not happened. I have mentioned it on behalf of my right hon. Friend. It would be great if that dualling were to happen. I recognise that the north-east has a lot of coherence, though it seems a long way from the end of my constituency to the north of my right hon. Friend's constituency.

The north-east has a lot of strengths. In many cases, we can work together. In other cases, it is not appropriate to work together. There are enormous strengths in terms of industrial background and the conversion of people and industries in those historic sectors to doing new things. We have people who are highly skilled, as the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) has said. We already show, particularly through process industries and other manufacturing, that we can make and export things, and I know that the Government are very keen to see that happen.

On rebalancing the economy—yes, the process is redistributive, but as the hon. Member for Hexham (Guy Opperman) has said, what is it redistributing?—we know that the country has a huge economic problem at the moment. I welcome mechanisms such as the regional growth fund, but we have a massive issue in terms of small and medium-sized enterprises. I hope that the Minister will respond specifically to this point: 97% of the grants given out by One NorthEast were less than £1 million. That £1 million threshold has to be very short-term. If the board of the regional growth fund cannot consider hundreds and hundreds of projects, then we need a programme mechanism beneath that board.

Ian Mearns: It has been estimated in some quarters that the potential growth in supply chain jobs from the Hitachi development is as much as 7,000 jobs. There is very little chance, however, of 7,000 supply chain jobs in the north-east of England coming from the SME sector, if there is not much more flexibility in the distribution of the regional growth fund and in grants that are fit for the SME sector. At the moment, such grants are out of reach for many businesses.

Ian Swales: I welcome that intervention, which powerfully supports the point that I was just making. I hope that the Minister will respond to that point.

I would just like to mention two other issues that the Minister could perhaps touch on. One issue relates to energy prices.

Mr Edward Leigh (in the Chair): Order. I hope to start the winding-up speeches at 10 minutes past 12, and the hon. Member for Stockton North (Alex Cunningham) wants to come in. Perhaps the hon. Gentleman will bring his remarks to a close.

Ian Swales: I will do that, Mr Leigh.

Energy pricing has already been mentioned by the hon. Member for Middlesbrough South and East Cleveland. I also want to press the Government on the Infrastructure Planning Commission. We have a large project in my constituency at the moment that must divide itself, completely artificially, in two. Part of the project is supposedly covered by the Infrastructure Planning Commission and part of it will be approved by the local authority. It is costing the business a fortune to fight two planning processes.

I will draw my remarks to a close now. Again, I congratulate the hon. Member for Middlesbrough South and East Cleveland. As I have said, there is a lot more that joins us on these issues than that separates us.

12.5 pm

Alex Cunningham (Stockton North) (Lab): I will cut parts of my speech to make your deadline, Mr Leigh.

In the past 10 years or more, there has been a radical change in the mix of industry, business and public service in the north-east. Much of that was led by One NorthEast, the regional development agency, and by forward-looking local authorities of all political colours working in partnership. The result was that the north-east was slightly less vulnerable when the world economic crisis hit us, but we still need major change and investment

[Alex Cunningham]

to ensure that the region does not slip way back to where we were in the 1980s and 1990s. The number of unemployed claimants in my constituency of Stockton North in February 2011 was 3,812. That is 9.2% of the economically active population aged 16 to 64, which is a good reason why we need growth not only for my constituency, but for the whole north-east, where 10.2% of people are unemployed.

I would like to make a final comment on the RDA—I am sure that many hon. Members will welcome my saying that. Other RDAs may not have been a resounding success, but One NorthEast was. It was an organisation that we could be proud of. It played a huge role in developing the region's renewable industries and in helping local firms grow. More importantly for me was that it also put together strategic land and other assets—packages—to build on for the future. With the demise of One NorthEast comes the question of what will happen to its assets. I am very worried that the Government might be preparing a fire sale for billions of pounds of RDA assets, such as business parks and development land, or that they will just pool them into some central bureaucracy in London. We argue that local enterprise partnerships should have first say over the RDA assets, which would enable real local influence. LEPs currently have one hand tied behind their backs, with no dedicated funding stream to aid them with their start-up costs and initial research. That would give them a real boost and real clout. To deny them operating funds is like giving a child a toy and forgetting to put the batteries in it.

Tees Valley Unlimited, the new LEP in my area, has confirmed that it has submitted 20 bids to the Government's regional growth fund, asking for almost £80m of support. If granted, I am told that those plans have the potential to create a significant number of jobs. However, as we know all too well, the total pot of money for the regional growth fund is not nearly enough at £1.4 billion over three years. In comparison, in 2010-11 alone, the RDA fund for one year was £1.4 billion. It is clear that the money will be spread thinly. In the first round, which closed in January, bids worth £2.78 billion were made to the regional growth fund. Clearly, many bidders will be disappointed tomorrow, when I understand that we will learn who has, and who has not, been successful.

On a more positive note, I was pleased to learn in October that the Government are committed to offshore wind and did not cut Labour's £60 million investment in our ports to ensure that that part of the renewable industry is supported and encouraged to invest in the north-east. We have yet to see whether the Government will deliver on that. If we are to meet EU targets that require Britain to increase the proportion of electricity that comes from renewable sources, from 7% to 30% by 2020, the Government must do more on renewable industry. Despite rising unemployment and the sluggish economy, there are a few good stories in region. The Hitachi trains were mentioned earlier, and the campaign led by my hon. Friend the Member for Sedgefield (Phil Wilson) for investment from Sahaviriya Steel Industries in Teesside steel, will create or secure hundreds of jobs.

We wait to see whether there will be a Budget for real growth, backed by substantial resources when the Chancellor stands up tomorrow. Resources must be the key. A jobless recovery would be a disaster for our region, and without growth there will not be enough new jobs. So far, the Government have been much too focused on the Budget deficit, cutting too far and too fast. I hope that they have finally realised that without a genuine plan for growth and real resources, the economy will continue to be sluggish.

12.9 pm

Ian Lucas (Wrexham) (Lab): It is a pleasure to address colleagues under your chairmanship, Mr Leigh, for the first time, I believe. I congratulate my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) on securing this debate, and hon. Members on their interesting contributions. I wish we had more time, because I am sure that more could be added to the debate. I shall not deal with each of the speeches now but will refer to them in my comments.

It is imperative that the north-east has a strong voice in Parliament. The new generation of MPs who came into Parliament in the last general election are a powerful group who have contributed hugely to the voice of that region being heard in Parliament, and I am sure that they will continue to do that. That is enormously important when we know that regional assemblies have gone away for a while and that the Government's focus is on local government.

The north-east is a powerful region. I was born there, and I am proud of the fact that I come from there. It has a distinct identity within England, and Ministers have to understand that. The voices that we have heard included that of my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell), who spoke about Newcastle airport. She told us how important its development has been to the region and how it has introduced so many more tourists to the area. People are able to see what a beautiful region it is and what a superb place it is to invest in.

We heard from my hon. Friend the Member for Middlesbrough South and East Cleveland about the varied industries in the north-east, from the chemicals sector, which is long established on Teesside, through, of course, to coal, steel and shipbuilding, which, I am afraid is long gone. The demise of those industries under the previous Conservative Government largely forged my identity in politics. The concern of Opposition Members is that the policies that are being pursued by this Government are a rerun of policies in the 1980s. We profoundly disagreed with what happened and think that it is a mistake to repeat it.

The hon. Member for Wrexham—I am sorry, the hon. Member for Hexham (Guy Opperman)—made some succinct comments about the deficit. Labour Members accept that it needs to be reduced, but we remember that 3.5 million people were unemployed in the United Kingdom under the previous Conservative Government, as opposed to the 2.5 million who are unemployed now. All those people received benefits that were paid from taxpayers' money, and largely funded by the benefits the Conservatives received from the North sea oil revenues that were available at the time. That waste and spending of public money will be repeated if this Government continue with their policies, which will create a lack of confidence in the economy and business community, and less demand in the economy, less consumption by people and a smaller market. All that will lead to

increased unemployment, increased burdens on the state and the type of long-standing depression that we had in the '80s and again in the '90s, when unemployment reached 3.5 million again.

Fortunately, the north-east has developed its economy since the 1980s. There has been development in the constituency of my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown) at the Clipper site, which is a magnificent site on the banks of the Tyne, and development of the low-carbon industry in the north-east with companies such as Romag, which brings so much benefit and forward thinking to industry.

I should mention at this juncture the appalling decision by the Government to bring forward the review on feed-in tariffs, which is hugely damaging for companies such as Romag. The Government purport to know something about business, but that review will result in a lack of long-term stability for decision making. Business complains so much about that. The Government are changing a successful scheme, bringing forward a review, creating instability and creating difficulties for successful businesses that are benefiting not from state support but from direct investment, often from outside the UK. The whole industry would welcome the Government's looking at that again.

It is important that we accept that regional development agencies are no more. I have attended several debates, and know about the success of One NorthEast. The hon. Member for Redcar (Ian Swales) recognised it in an interesting speech. However, we are moving on. The Government, as they are entitled to, are talking about local enterprise partnerships now, and we need to ensure that they work for the benefit of the north-east region. We need to address what I consider to be some of the failings of LEPs.

The first failing is the lack of resources. LEPs cannot sensibly contribute to driving the region forward if they do not have the resources to set up and develop businesses in their area. It is important that the partnerships should have resources. Of course they need to work with other LEPs in the region, but it is interesting that the Government themselves are showing a lack of confidence in LEPs; for example, on the hugely important issue of broadband. The authority that will contract for the provision of broadband services in the north-east and other areas of England will not be the LEP but the local authorities in individual regions. Having so many contracting bodies trying to formulate an infrastructure for a communications industry will be complex and difficult, and relying on delivery by individual local authorities which may or may not decide to take forward applications to develop broadband services in their area is a big mistake. LEPs, which cover larger areas and which more closely involve business than some local authorities do, should have a role in formulating a policy to take that forward.

The instruments that need to be used by LEPs must be made available to them by the Government. That must include, to some extent, financing, and it must also include the ability at least to be involved in securing funding.

We have heard references to the regional growth fund. There is general agreement in this room that there should be a rebalancing of the economy. The irony of the regional growth fund is that it is not regional at all. Its approach is entirely centralising. It is based not on localities but on a small group of people in a centralised area making decisions for areas about which they know little. That is the tragedy of the operation of the regional growth fund.

We all know that the fund is too small. The number of bids that have been made to it do not correspond in any way to the money that was available through RDAs, and we all know, as the hon. Member for Redcar pointed out, that the limits on the application of money by the regional growth fund are such that many of the grants and support that were given to small businesses in the regions will no longer be available to them. That is an urgent issue that needs to be addressed by the Government.

The other urgent issue that needs to be addressed is the lack of investment by banks and regional bodies in business and industry. We heard a massive amount about that from the Government when they were in opposition—day in, day out—but it has largely disappeared from their public pronouncements. I regret that the only thing that this Government have done as far as investment in business is concerned is to extend Labour's successful enterprise finance guarantee scheme, which was a strong support for business and industry at a time when it was difficult to secure investment and keep businesses going.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): Will my hon. Friend give way?

Ian Lucas: I have only a minute left, so I cannot give way.

I remember being criticised by the Minister when I sat where he is sitting now, and I shall criticise him now, although he and I get along very well. I do not recall his criticising me for spending too much money at the time. I remember his criticising me for not getting money out more quickly in support of the car industry. I do not remember the Conservatives or the Liberal Democrats opposing the introduction of the car scrappage scheme, and I do not remember their opposing any of the support that brought fundamental investment to the UK and benefited regions such as the north-east. Only now do we hear their constant mantra. The Government's problem is that they will not reduce the deficit. They are damaging the economy in the same way as they did in the north-east in the 1980s and again in the 1990s. I hope and pray that they do not make the same mistake again.

12.20 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I congratulate the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) not only on the debate, but on an interesting contribution. We may disagree about the outcomes and the analysis, but a debate on how to enable different parts of the United Kingdom to grow sustainably is important. This is the first time I have been described as a McCarthyite zealot, but I shall work my way through it, and the hon. Gentleman hinted that he was perhaps not fully serious. Nevertheless, I shall put that comment up on the wall and remember.

I thank other hon. Members for their contributions. We have had an excellent and balanced debate, and it has been helpful, not least because I shall be travelling

[Mr Mark Prisk]

to the north-east tomorrow night, and I am looking forward to meeting some of the businesses that have been referred to. On the tourism front, if I am allowed a couple of days off during the Easter holidays, I am hoping to start at the north-eastern end of Hadrian's wall and to head westwards.

Alex Cunningham: I am pleased that the hon. Gentleman will spend some of his money in our tourist industry in the north-east of England. Is he aware that money to promote tourism in the north-east was choked off through the regional development agency this year, and that we saw an increase in the number of visitors to Yorkshire and Cumbria to the detriment of the north-east?

Mr Prisk: The hon. Gentleman started well, before coming to a money issue. We are looking not only at the need to deal with public finances, which my hon. Friend the Member for Hexham (Guy Opperman) accurately described, but at how they are organised as we change the landscape for public bodies. We must revisit the regional approach to tourism, allied with the RDAs' work, which is what VisitEngland will do with local enterprise partnerships and so on. I greatly value the role of tourism, but I want to move on.

The hon. Member for Newcastle upon Tyne North (Catherine McKinnell) referred to airports, and she will understand that as it is just 24 hours before the Budget, I would be wise not to pre-empt the Chancellor, not least if I hope to continue to be Minister of State, Department for Business, Innovation and Skills.

We all share the wish of the hon. Member for Middlesbrough South and East Cleveland that the north-east enjoys sustainable and long-term economic growth, which is certainly our overriding priority. We are seeking not only to tackle the public finances, as any incoming responsible Government would need to do, but to ensure that we have a new model for growth. In practice, that means not just rebalancing the geography, challenging as that will be—I will come to RDAs and LEPs—but ensuring more sustainable roles in different sectors.

The hon. Member for Wrexham (Ian Lucas) was a Minister, and we jousted when he was, but he and his colleagues were right when they established, for example, the sector skills council, Automotive Skills, so that the Government could be a better partner. We have continued it, and that sectoral role is important. In the Budget tomorrow, we will seek not merely conventional tax and spend, but to set out the detailed work that has been undertaken throughout Whitehall on a growth review looking at manufacturing, construction, retail and other core parts of the economy, so that we have an agenda and a strategy that is the most comprehensive, pro-enterprise and pro-growth Budget for a generation.

The hon. Member for Middlesbrough South and East Cleveland mentioned both at the beginning of his comments and later the role of small and medium-sized enterprises. Before I go into the specifics of the north-east's economy and LEPs, it might be worth reminding hon. Members of the key changes that will help, and have already been announced, irrespective of what may or may not be said tomorrow. As hon. Members know, we are reducing corporation tax to 20p. We are doubling the threshold for small business rate relief, which is very important for businesses outside the greater south-east, so that for more smaller businesses that fixed overhead will fall instead of remaining as it is. Six months ago, we introduced the national insurance contribution holiday for new firms.

As the hon. Gentleman rightly said, we must encourage more entrepreneurs in the north-east. I have spoken to many SMEs throughout the country, and the shift in relief for entrepreneurs—10% capital gains tax—has given a boost to people who start a business, build a business and create jobs. Taking the limit up to £5 million is an important improvement.

Mrs Hodgson: Will the Minister give way?

Mr Prisk: With respect to the hon. Lady, other hon. Members have spoken and I should first respond to their points in the five minutes remaining.

The tax changes are important, and I hope that hon. Members recognise that they have been matched with a clear commitment to the Federation of Small Businesses on Friday that, for three years, microbusinesses—those with up to 10 employees—will have a three-year moratorium on all domestic regulation. Many SMEs have told me that the problem is not just one measure, but the fact that the Government constantly provide things to do when they want to get on and grow their business. That moratorium will be important, and it has been warmly welcomed. More will be said about the regulatory issue later.

My opposite number, the hon. Member for Wrexham—for a moment, I thought there had been a geographical shift when he referred to my hon. Friend the Member for Hexham as the hon. Member for Wrexham—talked about finance. He was right to say that there are issues. We have extended the enterprise finance guarantee, which is a scheme that needed to be extended, and we are proud that we have ensured an additional capital opportunity of some £2 billion. That should help about 6,000 additional viable businesses. We have gone further and put another £200 million to one side for capital for equity investment programmes. Those are important plans to help high-growth businesses throughout the UK. In addition, we have managed to secure from the banks a £1.5 billion growth fund to inject into SMEs. I hope that the hon. Gentleman recognises that those are important changes.

Mrs Hodgson: Will the Minister give way?

Mr Prisk: With respect to the hon. Lady, I have three minutes left. She did not make a contribution to the debate, and I must respond to hon. Members who spoke.

On the balance, there are challenges in the north-east, and no one denies that, but we should recognise that manufacturing there is doing well. A survey by British Chambers of Commerce shows that for the most recent quarter manufacturing grew most quickly in the north-east out of all the regions. Hon. Members have rightly referred to the decision on Tata Steel and Sahaviriya Steel Industries, and we hope that it will progress in the next few days or weeks, so that the agreement that was tragically mothballed a while back will be developed. Some 800 jobs will be created at the site, which will sit alongside the existing 700 jobs, but that is not all. There

is a £420 million investment by Nissan, and the Hitachi development in County Durham, which are very welcome and very important.

I turn to RDAs and LEPs, where there may be a difference. No one denies that the RDAs, including One NorthEast, made successful and worthwhile ventures during their time—I accept that—but in 11 years, that agency received £2.7 billion to spend, and the reality is that the gap between the north-east and elsewhere grew. The reality of the gross value added—the measure per person—is that when it started it was approximately 83% of the national average in the north-east. Eleven years later, having spent £2.7 billion, it fell to 78%. It has not only not improved, but gone backwards.

There is a challenge, and the two partnerships that have been created, which I greatly welcome and am looking forward to meeting tomorrow and Thursday, have an opportunity to address their local priorities rather than what we think is best for them, which is an important shift. They can work together, as my hon. Friend the Member for Redcar (Ian Swales) has rightly pointed out, because they do not need Government permission to do so. I have every confidence that the business and civic communities will make that alliance and work together. We will set out the specific actions that they will be able to undertake. I will respond to my hon. Friend the Member for Redcar in writing about the regional growth fund.

The enterprise zones, which my hon. Friend the Member for Stockton South (James Wharton) has campaigned on—

Mr Edward Leigh (in the Chair): Order.

Pakistan

12.30 pm

Andrew Stephenson (Pendle) (Con): In January, a cross-party group of eight UK parliamentarians, including myself, visited Pakistan to look at the challenges facing that country. Given the close historical, economic and social ties between our two nations—over 1 million people living in the UK trace their roots to Pakistan, and that country is on the front line in the war on terror—getting the policy towards Pakistan right is crucial to the UK.

The aims of the visit were to give UK politicians a better understanding of the democratic challenges facing our parliamentary colleagues in the national and provincial assemblies, to understand the impact of amendment 18 on the constitution, to energise existing bilateral links, and to learn more about the work of the UK Foreign Office, the Department for International Development and the British Council in Pakistan.

All those in the delegation hope for a longer and broader debate on UK Government policy on Pakistan in the future, and I am sure that other hon. Members in the Chamber will wish to participate in that. Today, however, I will focus my remarks on one specific issue: the murder on 2 March of Shahbaz Bhatti in Islamabad, and the plight of Christians in Pakistan.

During our visit, our delegation met Shahbaz Bhatti in the Ministry for Minorities. We discussed a range of issues, including interfaith dialogue and the murder of the Governor of Punjab, Salmaan Taseer, a Muslim politician who was killed by one of his bodyguards after he criticised Pakistan's blasphemy laws. Shahbaz Bhatti was the only Christian in the Pakistani Cabinet, but he stood up for all minorities in Pakistan and wanted to see the tolerant, liberal and secular country envisaged by the country's founding father, Jinnah, who said

"let all people worship freely in churches, masjids and temples."

I will explain a bit more about Shahbaz Bhatti and his work. From 2008 until his assassination at the age of 42, he was the first Federal Minister responsible for minorities. At the time of his appointment, he said that he had accepted that post for the sake of

"the oppressed, down-trodden and marginalised"

of Pakistan, and that he would dedicate his life to

"struggle for human equality, social justice, religious freedom, and to uplift and empower the religious minorities' communities."

He added that he wanted to send

"a message of hope to the people living a life of disappointment, disillusionment and despair."

During his time as a Federal Minister, Shahbaz Bhatti took steps in support of religious minorities. Under his guidance, the Government introduced for minorities affirmative action regarding 5% of all federal employment, and designated 11 August as a holiday to celebrate minorities. The sale of properties belonging to minorities while law enforcement authorities took action against them was banned, and a national campaign was launched to promote interfaith harmony through seminars, awareness groups and workshops. Shahbaz Bhatti initiated comparative religious classes in schools and universities, introduced a prayer room for non-Muslims in the prison system, and started a 24-hour crisis hotline to report

[Andrew Stephenson]

acts of violence against minorities. He began a campaign to protect religious artefacts and sites belonging to minorities.

Shahbaz Bhatti, a Catholic, was also a critic of Pakistan's blasphemy laws, and that was what led to his recent and untimely murder. He had been the recipient of death threats since 2009 when he spoke in support of Pakistani Christians attacked in the 2009 Gojra riots in Punjab, and those threats increased following his support for Asia Bibi, a Pakistani Christian who was sentenced to death for blasphemy in 2010.

Simon Danczuk (Rochdale) (Lab): I thank the hon. Gentleman for securing this important debate and I have some brief comments. I accompanied him to Pakistan some weeks ago, and had the pleasure of meeting Shahbaz Bhatti. From that visit, we learned that the country is more progressive than one might have initially anticipated. Some laws are very progressive, such as the 18th amendment that concerns devolving power and money to provinces and regions. This Government, and the previous Government, could learn from that.

It is not for us to tell other countries what laws to have, but the issue with the blasphemy law is not so much the law itself but rather the interpretation of that law, both formally and informally. Formally, the penalties linked to the law are far too severe, and informally—this is the problem—

Mr Edward Leigh (in the Chair): Order. This is an intervention. Please bring it to a close.

Simon Danczuk: The interpretation of the blasphemy law is the problem.

Andrew Stephenson: I agree with the hon. Gentleman. As he pointed out, we met Shahbaz Bhatti during our visit to Pakistan and we saw different sides to the country. Some things filled us with hope for the future, and some things led to real concern. That is why I hope that we can have a longer debate in which all hon. Members may participate fully and relate their experiences of the country.

Asia Bibi is a 45-year-old mother of five from Punjab province. She has become the first Christian woman to be convicted and sentenced to death, by hanging, under Pakistan's blasphemy law. As of today, she remains in jail despite many people acknowledging that she was falsely accused of blasphemy, and repeated international calls for her release.

According to the BBC, on the day he was murdered, Shahbaz Bhatti was travelling to work through a residential district having just left his mother's home, when his vehicle was sprayed with bullets. At the time of the attack he was alone and without any security. The group Tehrik-i-Taliban—the Pakistani Taliban—told the BBC that it carried out the attack, and it left pamphlets at the scene stating that it had done so because Shahbaz Bhatti was a "known blasphemer."

The assassination was condemned by the Pakistani Government, whose spokesman stated:

"This is a concerted campaign to slaughter every liberal, progressive and humanist voice in Pakistan."

President Zardari vowed to combat the forces of obscurantism and said,

"we will not be intimidated nor will we retreat."

The Government declared three days of mourning and Prime Minister Gillani led a two-minute silence in Parliament.

Jim Shannon (Strangford) (DUP): The hon. Gentleman will be well aware of Release International and Open Doors, two organisations that work on behalf of Christians in Pakistan, highlighting and cataloguing brutality against them by radical groups. Does he feel it is important for our Government to convey to Pakistan in strong terms that something must be done on behalf of Christians in Pakistan, to ensure that they are not subjected to authoritarian and critical blasphemy laws?

Andrew Stephenson: I agree. There are growing calls across the country from people of all faiths saying that we must engage more effectively with the Pakistani Government, and that the rights of all citizens must be respected, whether they are Muslim, Sikh, Hindu, Christian or of no faith at all. The rights of all Pakistanis must be respected.

Andrew Griffiths (Burton) (Con): I thank my hon. Friend for securing this important debate. He will know that as vice-chairman of the all-party group on Pakistan, I was due to host an event with Shahbaz Bhatti in this House, just a few weeks before he was assassinated. Unfortunately, he had to return to Pakistan because of the instability of the Government. My hon. Friend will also know that I visited Islamabad recently. I am sure that, like me, he has received a huge number of e-mails and letters from the Pakistani diaspora in Britain, where people are equally outraged about the assassination of Shahbaz Bhatti. Does he agree that we have a responsibility to ensure that the voice of those people is heard, and that their condemnation is relayed to the Pakistani Government, urging them to take action?

Andrew Stephenson: I thank my hon. Friend for that point. I agree that we must work across faiths. I think that all people recognise that Shahbaz Bhatti was not just a Christian, but one of Pakistan's most progressive politicians. His death is a blow not just to the Pakistani Christian community, but to all Pakistanis and to the nation of Pakistan.

Following Shahbaz Bhatti's death, I tabled early-day motion 1518 not just to condemn his murder, but to recognise the work that he had done in Pakistan and to urge the Government of Pakistan to consider reviewing section 295 of the Pakistani penal code, commonly referred to as the blasphemy laws. I am pleased to see that as of this morning my early-day motion has gained the support of 82 other Members of Parliament.

The blasphemy laws were first introduced by the British in 1860 in a mild form that gave equal protection to all faiths and provided for a maximum sentence of two years in jail. Unfortunately, they were given their present form by General Zia ul-Haq in 1986. There is now a mandatory life sentence for desecrating the Koran and a death sentence for blaspheming Mohammed. Unlike the Racial and Religious Hatred Act 2006 in the UK, which prohibits people from stirring up hatred against religious groups or individuals on religious grounds, the Pakistani blasphemy laws protect the Islamic scriptures and the person of Mohammed from criticism or insult.

Although all of Pakistan's population of 170 million people are subject to the blasphemy laws, it is worth remembering that religious minorities make up only about 4% of that number.

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): I congratulate my hon. Friend on initiating the debate and on his work as chairman of the all-party group on Pakistan. I also congratulate my hon. Friend the Minister on his moving words last Thursday at the memorial service for Shahbaz Bhatti. Like other colleagues, I had met him; in fact, I met him two weeks before his untimely death and was extremely impressed by him. The practical point that I want to make is that it needs to be pointed out continually—I think that the hon. Member for Rochdale (Simon Danczuk) was coming to this point—that the majority of people affected by the blasphemy laws are Muslims. People use the laws quite often in vexatious business disputes to get rid of the person with whom they are arguing on a trumped-up charge, while they carry through the business deal that they wanted. If we are to win the hearts and minds of the Pakistanis, who are the only ones who can alter those laws, we need continually to be pointing out that yes, the treatment of Christians is appalling, but equally many Muslims in Pakistan suffer from the abuse of the laws by their fellow co-religionists.

Andrew Stephenson: I thank my hon. Friend for that point.

Jason McCartney (Colne Valley) (Con): It is a pleasure to speak under your chairmanship, Mr Leigh. I congratulate my hon. Friend on securing this important debate, which is about Government policy on Pakistan. I have visited Islamabad myself. I visited the Nowshera region, the flood-hit region to the north of Islamabad, in November and I went on to Kashmir—to Mirpur and Dadyal. I would therefore like to take this opportunity to hear my hon. Friend the Minister reaffirm the Government's position—their stated thoughts—on the situation in Kashmir, because if we are to have security and peace and an end to the violent murder in Pakistan that we are hearing about, it would be a great asset—a great positive move forward—if there were peace and stability in Kashmir as well. That is a real cause of instability in the region.

Andrew Stephenson: I thank my hon. Friends the Members for Lancaster and Fleetwood (Eric Ollerenshaw) and for Colne Valley (Jason McCartney) for their contributions to the debate. My hon. Friend the Member for Lancaster and Fleetwood is exactly right to say that the majority of people affected by the blasphemy laws are Muslims. However, we have seen a disproportionate effect on some of the minority communities. Also, even simple allegations made under the blasphemy laws have quite often led to mob violence that has killed many hundreds in Pakistan before cases have ever come to court.

There was an interesting article by the daughter of Salmaan Taseer in *The Guardian* recently. Shehrbano Taseer wrote that

"more than 500 Muslims, 340 Ahmadis, 119 Christians, 14 Hindus and 10 others have been charged under the laws.

Thirty-two of those accused—and two Muslim judges—have been mowed down by Islamist vigilantes."

That was before the trials were heard. It is worrying that religious zealots in Pakistan have now deemed man-made laws non-negotiable, with a very real threat of death hanging over anyone who disagrees.

I would therefore welcome the Minister's comments on the blasphemy laws in Pakistan and, more importantly, as other hon. Members have pointed out, their abuse and misuse in the settling of scores and other disputes against Christians and other minorities in the country. I hope that he will agree that we should stand shoulder to shoulder with those of all faiths who want to see a debate about reform of the laws, so that they can no longer be used as a tool of oppression against Christians and other minority groups.

I met a group of Pakistani Christians on Sunday 13 March at Woodlands Road Baptist chapel in Nelson in my constituency. In addition to many Pakistani Christians who live in Pendle, such as David Dean, who organised the event, we were joined by others, including Canon Yacub Masih and Wilson Chowdhry from the British Pakistani Christian Association. I know that the Minister is aware that a number of Pakistani Christians live in Pendle, as some time ago, before the election, he attended an event at which some of them were present. I know that he will remember talking to them.

At the meeting, I heard from many about their shock at the murder of Shahbaz Bhatti, but also about their desire that his death should be a wake-up call not just for the Pakistani Government, but for the international community. Those at the meeting felt that there was no better illustration of the rising problems of anti-Christian discrimination in Pakistan than the murders of Salmaan Taseer and Shahbaz Bhatti over reform of the blasphemy laws.

Concerns were also expressed about whether the UK could not do more, given the amount of money that we give Pakistan in foreign aid. As the Minister will be aware, that issue was picked up by Cardinal Keith O'Brien last week, when he criticised the Government for increasing overseas aid to Pakistan to more than £445 million without demanding religious freedom for Christians and other minorities, such as Shi'a Muslims. Cardinal O'Brien was quoted in the press as saying:

"I urge William Hague to obtain guarantees from foreign governments before they are given aid. To increase aid to the Pakistan government when religious freedom is not upheld and those who speak up for religious freedom are gunned down is tantamount to an anti-Christian foreign policy."

Although I share the cardinal's concern about the plight of Christians in Pakistan, I am not sure whether withdrawing or cutting aid in response to Shahbaz Bhatti's death would be the most productive thing to do right now. I would, however, welcome the Minister's comments on what the cardinal said, because many people would agree with them.

To date, no one has been arrested and brought to justice over Shahbaz Bhatti's murder, which makes matters even more painful for the religious minorities that hold him in such high regard. It is of course possible that the security services in Pakistan and the Government do not know who the killers are or where they are. However, with no one being arrested and held accountable for so many other incidents of violence against minorities, such as in Sangla Hill in 2005—

Jim Shannon: Does the hon. Gentleman share my concern and the concern of many that it seems that the

[Jim Shannon]

gentleman who was murdered had requested a bullet-proof car and bodyguards just a few days beforehand? None of those requests was agreed to, and shortly after that he was murdered. Is there not concern about that as well?

Andrew Stephenson: Many have raised those concerns. Having visited Pakistan and seen the security available not just to Ministers but to all politicians in the country, at provincial level as well as national level, it strikes me as somewhat unusual, shall I say, that on the day when Shahbaz Bhatti was murdered, he had no security and no armoured car to use on the way to work.

That no one has been brought to justice for Shahbaz Bhatti's death is a real concern for many. As I was saying, there have been so many incidents in the country—not just against individuals but much larger incidents, such as in Sangla Hill in 2005 and in Gojra in 2009, and no arrests have been made for those incidents.

In the time allowed, I have tried my best to describe the situation in Pakistan. I could have added numerous other incidents of persecution. Many were detailed to me by Pakistani Christians now living in this country. I believe that the only way in which we will see Pakistan become a liberal and tolerant nation, which values and treats all its citizens fairly, is through increasing rates of education in the country. I was therefore pleased to see an increasing focus on education in DFID's recent aid review. The Minister may like to touch on that in his reply. The Government of Pakistan also need to do more to reverse the gun culture, to promote tolerance and to ensure that no part of the Government, the military or the security services appeases or supports extremists.

I pay tribute to organisations such as Christian Solidarity Worldwide, the British Pakistani Christian Association and many others, which do so much good work in promoting interfaith harmony and raising the profile of issues such as those I have outlined, which would rarely make it into the British press without their help.

By focusing only on Christian and minority rights, I fear I have painted a fairly bleak picture of Pakistan and its future, but that was not my intention. With the right leaders, things can and will change for the better. The country has so much potential, and we need to work with it to ensure that issues such as those I have outlined are resolved. In doing so, we will ensure that Shahbaz Bhatti did not die in vain, but gave his life to make Pakistan a greater and more tolerant nation.

12.50 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): It is a pleasure to serve under your chairmanship, Mr Leigh. I thank my hon. Friend the Member for Pendle (Andrew Stephenson) for securing the debate. Many colleagues in the Chamber also went on the visit to Pakistan and share our communal passion for Pakistan, and I thank them, too, for their contributions.

Time is desperately short, and colleagues will understand if I am not able to answer all the questions that have been raised, but I do want to make some remarks. I also want to put on record my appreciation for my hon. Friend's work as chair of the all-party group on Pakistan and for the fact that he raised this subject during the Commonwealth Parliamentary Association's visit earlier this year.

Time is tight, so let me say just a couple of things about the relationship between our two countries before turning to the meat of my hon. Friend's remarks. The United Kingdom and Pakistan are close and historic friends and partners, and that partnership is set to continue. Nearly 1 million British citizens claim Pakistani heritage. More than £1 billion of trade flows between our two countries each year. There are 1.4 million journeys between Pakistan and the UK each year. We are building on the many strong ties we share.

At the end of his remarks, my hon. Friend said that he had focused on one area of our relationship and that he feared he had given a negative impression of Pakistan, but I can assure him that those of us who are friends of Pakistan recognise that there are many parts to our relationship, and we will continue to build on our history, our extensive cultural and business links and all the deep family connections. My hon. Friend need have no fear that his remarks will be misinterpreted.

The Pakistani diaspora in the UK makes a huge contribution to our national life, including our Parliament, our schools, our legal system and our universities. Its members make a remarkable contribution in the media, business, sports, entertainment and many other areas. It is clear that the British Pakistani community has offered, and will continue to offer, much to this country.

Pakistan faces many challenges. Last year's flooding prompted a huge outpouring of support from this country. That support came not only from the Government but from churches, mosques and every community in the UK. The Government provided £134 million, giving a very strong sense of support.

Our bilateral aid review indicates that UK aid to Pakistan is likely to more than double to an average of £350 million a year until 2015. That will help to tackle poverty and, with the Pakistani Government, build a stable, prosperous and democratic Pakistan. The country faces economic challenges, and we are working with its Government to tackle them. We support the difficult reforms that Pakistan seeks to introduce. We also have strong links in terms of combating terrorism, which afflicts us both and which has echoes in some of the issues that my hon. Friend raised.

My hon. Friend the Member for Colne Valley (Jason McCartney), in particular, discussed the situation in Kashmir. The Government's long-standing position is that it is very much a matter for the Indian and Pakistani Governments to deal with, although we understand the wish for self-determination among the people of Kashmir. We continue to encourage the parties to do as much as they can to deal with the situation—it is clearly difficult, and that has been the case for a long time—so that Kashmiri people have the opportunities they seek. We will encourage that dialogue wherever we can, but it is not the UK's position to mediate in that situation.

Let me turn now to freedom of religion, which was at the heart of the remarks by my hon. Friend the Member for Pendle. The many links between the UK and Pakistan mean that we engage with each other on many subjects, such as counter-terrorism, security policy, trade, development and the rule of law. A theme that underlies

all that is human rights, which is critical to the conduct of UK foreign policy. It is as relevant to our relationship with Pakistan as it is to our relationship with many other countries. We do not shirk our responsibilities to highlight our concerns about human rights to our friends. We will raise our concerns about human rights wherever and whenever they occur, without compromise. We are improving and strengthening the work of the Foreign and Commonwealth Office on human rights. That will be underpinned by British values and by our support for democratic freedoms, universal human rights and the rule of law.

My hon. Friend has set out compelling reasons why freedom of religion and the rights of minority groups are issues on which we need to speak out. It is vital that the Government of Pakistan uphold the fundamental rights of all Pakistani citizens, regardless of their faiths or belief. Pakistan can benefit only if all its citizens can play a central role in society. All Pakistani citizens should be able to live their lives without fear of discrimination or persecution, regardless of their religious beliefs or their ethnic group. I can assure my hon. Friend and all hon. Members present that we regularly reinforce the importance of upholding those fundamental rights to colleagues at all levels in the Government of Pakistan.

The Government of Pakistan have taken some positive actions on the rights of minority groups. They have reserved quotas for minorities in the public sector and Parliament. They have set up a complaints procedure for those encountering discrimination or abuse. Through our lobbying and project work, we will continue to support those who wish to see reform in Pakistan. Worryingly, however, allegations continue that the blasphemy legislation is being misused against Muslims and non-Muslims. That abuse often results in prison sentences for those accused of blasphemy, and we continue to hear of cases in which those accused of blasphemy offences have died in custody.

As well as raising the wider issues of freedom of religion and minority rights, we continue to engage directly with the authorities in Pakistan in relation to Asia Bibi. She was found guilty under the blasphemy laws and is the first woman in Pakistan to be sentenced to death. We oppose the death penalty in all circumstances. In December 2010, I raised Asia Bibi's case with the former Pakistani Minister for Minorities, Shahbaz Bhatti. I have also discussed the blasphemy laws with the Pakistan high commissioner in London. Baroness Warsi highlighted our position to the Speaker of the National Assembly in Pakistan when they met on 17 January.

Those who champion such values in Pakistan are now under threat. The assassination of Governor Salmaan Taseer in Islamabad on 4 January was shocking. He was a strong advocate of religious tolerance and of the importance of reforming the blasphemy legislation to prevent its misuse. The scenes of congratulation following his murder and the behaviour of the lawyers who strewed rose petals in the path of his killer outside the courts were sickening, and those involved are a lasting disgrace to their profession.

Shahbaz Bhatti spoke out courageously on the issue before us, and his assassination marked a new low point in Pakistan's struggle against violent religious extremism. He was a powerful voice against extremism and a fearless voice for tolerance and respect for minorities. His death is a tragic loss for Pakistan and for us all. I met him on a number of occasions as a fellow Minister, and also as a believer in the rights of minorities and a Christian. I did all I could to support my friend in his difficult role and in his attempts to revise his country's blasphemy laws. It is deeply saddening that his courage in urging peaceful, moderate change was met with such violence. This was an attack not only on a dedicated Government Minister but on the people of Pakistan and their future. I was proud to speak at his memorial service last week. Following his murder, the Prime Minister wrote to express his condolences to President Zardari. The Foreign Secretary, Baroness Warsi and I all made statements condemning his killing.

The Christian community in the UK is correctly very active in supporting the persecuted Church wherever it is under pressure. I commend the work of the Barnabas Fund, Open Doors and others in this field. As a member of the board of patrons of Christian Solidarity Worldwide, I understand these issues very well. The Government will take up cases and we will do more work, including, I hope, a Wilton Park conference.

I wish the solution was as simple as a declaration of freedom of religion that was instantly acceptable and enforceable in any society with which we have contact. However, the sad truth is that that is not the case, and nor will it be, no matter how loudly we shout about it. We are talking about conservative societies that are fearful of change. We are sensitive and patient in addressing their fears, and we recognise that our overt intervention may be harmful or dangerous. However, we wish to make sure that we continue to raise these issues and work with people in these countries in the way they think best, so that we can free people from religious persecution and fear. In that way, we can get to the position we all want. I commend my hon. Friend for raising this issue.

Cross-border Child Custody

1 pm

Mr Frank Doran (Aberdeen North) (Lab): I want to use this debate to highlight a case that shows that our legal system has badly failed one of my constituents, Mr Robert Bennett. I raised his case in an Adjournment debate on 4 December 2007, when there were ongoing legal proceedings in England and Scotland involving the custody of my constituent's child. He has now exhausted all remedies in the courts, but there are legal issues that I want to discuss. I rely heavily on the advice given to my constituent by Mr Alan Inglis, a barrister and advocate, who has considerable experience of family law in the courts of Scotland and England.

The facts of the case are fairly straightforward. Mr Bennett married and had a child. The family lived in Aberdeen, and therefore were habitually resident in Scotland. Without Mr Bennett's knowledge, his wife left the matrimonial home in September 2000 with the child and moved to London. He did not know her exact whereabouts and at no time did he consent to his daughter's removal. A few months after Mrs Bennett left the family home, she commenced legal proceedings in Willesden county court, where she obtained an ex parte residence order and an order preventing Mr Bennett from removing the child from her care.

A key part of the law that determines such matters is the Family Law Act 1986. Section 41 is the key part here, and I can summarise its effect as follows: where a child under the age of 16 is moved from, for example, Scotland to England, as in this case, then in certain circumstances a court in England would have jurisdiction to deal with any issue relating to the child after one year has elapsed. One of those circumstances is set out in subsection (2)(a), which states that it is required to be shown that there is

"the agreement of the person or all the persons having, under the law of that part of the United Kingdom, the right to determine where he is to reside".

In this case, that means both parents. Mrs Bennett had effectively abducted the child from Scotland to England, and Mr Bennett, as a legal guardian of the child, had not given his consent.

Mrs Bennett made her application to the court before the year set out in the legislation had expired, and Mr Bennett also entered appearance in the case within the time limit. Notwithstanding those facts, the judge in the Willesden court made an order in favour of Mrs Bennett. It is clear that none of the lawyers involved at that stage—the solicitors or the judge—properly understood the implications of the 1986 Act, or, for that matter, indicated that they were even aware of its existence.

Mrs Bennett's solicitors had a duty to the court as well as to their client, and should not have raised the action, because any interpretation of the Act would make it clear that the Willesden court had no jurisdiction. The judge should not have granted the order, and Mr Bennett's solicitors should not have neglected to raise the point of jurisdiction before the court, despite his explicit instructions. I should add that Mr Bennett took action subsequently against his solicitors for that neglect and received an award of compensation.

That was the first stage before the one-year period had expired. As the case moved through its various stages, it seems clear that none of the judges who later considered it looked very closely at Mr Bennett's rights under the legislation as a parent and legal guardian of his daughter. The 1986 Act provides that

"Where a child...becomes habitually resident outside that part of the United Kingdom...he shall be treated for the purposes of this Part as continuing to be habitually resident in that part of the United Kingdom for a period of one year beginning with the date under which those circumstances arise."

That section therefore applies only where the child has already become habitually resident in another part of the UK, and it postpones the legal effect of that habitual residence for a period of one year. Correctly construed, it does not operate as a time limit of one year on habitual residence as held later by the Court of Appeal in England.

Jim Shannon (Strangford) (DUP): Is the hon. Gentleman aware of examples similar to the one that he clearly outlines? Is this an isolated case or do many others fall into this category?

Mr Doran: There are lots of examples of couples splitting up and moving to different jurisdictions, but, as far as I am aware, this is the only case in which the 1986 Act has not been properly construed—at least, that is my allegation.

In Mr Bennett's case, for the child to have become habitually resident in England and, therefore, to give the English courts jurisdiction, both parents would have been required to consent, and even then there would have been a delay in operation of one year. There is ample legal authority to show that habitual residence cannot be changed by the unilateral action of a parent who shares parental responsibility with another. That is also the law in Scotland, and it follows that the courts in England have never had jurisdiction in this case because both parents had not given their consent.

Despite those facts, at every stage in the court proceedings in England, from the judge at first instance through to the Court of Appeal, section 41 has been interpreted as giving the English courts jurisdiction as soon as the child's stay in England had exceeded one year. In its judgment, the Court of Appeal, through Lord Justice Wall, said:

"on the facts of this case Section 41 ceased to have effect in September 2001".

As additional cover, the court also argued that even though there was no jurisdiction, the original decision was not a nullity. Lord Justice Wall said:

"The normal rule about orders, which on their face are regular, but which are in fact made without jurisdiction, is that they remain in force until they are discharged".

He quoted the case of Hadksinson *v.* Hadksinson in 1952, but I am advised that it is questionable whether that case supports the Court of Appeal's position. The ratio decidendi of that case is that there is an

"unqualified obligation of every person against...whom an order has been made by a court of competent jurisdiction to obey it until it is discharged".

The difference between that case and Mr Bennett's case is that the Willesden court was not

"a court of competent jurisdiction".

I have been directed to "Halsbury's Laws of England"—as a Scottish lawyer by training, I am not very familiar with it—and page 314, chapter 10 of the fourth edition says:

"Where a court takes upon itself to exercise a jurisdiction which it does not possess, its decision amounts to nothing".

When it was clear to Mr Bennett how the English courts were dealing with his case, he raised the issue in the Scottish courts by raising an action of divorce. I will not go through all the processes, but the case eventually reached the inner house of the Court of Session, having started its processes in the Aberdeen sheriff court. The inner house decision is directly in conflict with that of the Court of Appeal. Among other points, it noted that the order that initiated the proceedings in England was made without jurisdiction—a very clear statement. It agreed that the habitual residence of the child of a marriage cannot be changed without the consent of both parents. It doubted that the effect of section 41 of the 1986 Act was automatically to change habitual residence one year after an abduction. It recorded the failure of the English courts to hold a welfare hearing during the whole period when the matter was before them, despite a recommendation from Children and Family Court Advisory and Support Service that it was necessary, which is quite a serious matter. However, the inner house of the Court of Session also accepted that

"the Court of Appeal considers that the English courts have jurisdiction to make orders respecting the child with which this divorce action is concerned".

The word "considers" is very important. The inner house does not cede jurisdiction, but recognises that the English court thinks it has jurisdiction. It is clear that the inner house of the Court of Session did not wish to get into a direct conflict with the English courts, and it has been tactful and diplomatic in the way in which it has questioned the decisions of the English courts.

Over the years, I have written to the Ministry of Justice and the Scottish Government about the apparent conflict in the law. I understand that meetings were held between representatives of the Scottish Government and the Ministry of Justice. I have not been formally advised of the conclusions of those meetings, although I received a brief letter from Scotland's deputy Justice Secretary, who said that the meetings had concluded that section 41 of the 1986 Act did not require changing. It was as blunt as that. That view is probably correct.

As I pointed out earlier, the problem seems to be one of interpretation and application rather than the legislation itself. However, I am deeply concerned about the way in which the courts have acted in this case and the impact that the decision of the Court of Appeal could have in other cases. I find it extraordinary that all the lawyers involved in the initial proceedings in the Willesden court could either be so ignorant of the legal position in such cross-border cases or so easily misinterpret the legal position.

As the case moved on through the system, all the arguments that I have presented today were presented by Mr Bennett, my constituent. Part of the tragedy is that once he had discharged the lawyers who so wrongly advised him and who refused to carry out his instructions, Mr Bennett found it virtually impossible to find another solicitor to represent him, and he was forced to represent himself. He is a very single-minded individual and has become extremely knowledgeable in this area of law.

Reading through the various judgments, it is quite clear that the judges viewed Mr Bennett as an obsessive who was more concerned about legal principles or niceties than his daughter. I get the impression that he was not taken seriously. He desperately wanted contact with his daughter and felt that he was the more suitable parent to look after the child. He also strongly believed that it should be for the Scottish courts to decide the matter. It is probably fair to say that he was not learned in the law and did not treat judges with the respect that they are used to. He also became frustrated at what he believed was their refusal to consider his arguments.

I have had the opportunity to meet Mr Bennett and his child, who is disabled. He visited my office several times with the child on a previous matter. When we spoke about the difficulties that he was having with this case, I was in no doubt that he had a strong relationship with his daughter and was able to care for her. He and his wife—they are not divorced—split care between them, and he made quite a contribution to the care of the child in the household. Unfortunately, he never had the opportunity to have his side of the argument on residency or access considered by the court.

In Scotland, the inner house of the Court of Session made it clear that the court could have been obliged to consider the interests of the welfare of the child by carrying out the usual investigations and having an appropriate hearing regardless of the other issues in the case. The courts in England took no action in this respect. In addition, Mr Bennett was told by a legal adviser that if he tabled a motion on residency or contact, it would prejudice his argument on jurisdiction. He would effectively cede jurisdiction to the English court. That matter needs to be considered seriously by the Minister.

Cases such as Mr Bennett's are not that unusual. What is unusual is his tenacity in pursuing this point of law. It is wrong that, in all the years while the English courts were considering the matter, no consideration was given to the interest of the welfare of the child—apart, of course, from Mr Bennett's continuing interest in maintaining contact with his daughter.

I practised in the Scottish courts for a number of years, and family and child care law were my special areas of interest. I have not held a practising certificate since 1988 and do not claim any special expertise, but I do know that the guiding principle in all child care cases is and should always be the paramountcy of the welfare and interests of the child. Those interests cannot be met if a court has a case before it for about four years and does not itself inquire into that child's situation. I am not significantly well versed in English law to know whether that suggested failure is a failure of the various courts in this case or a failure of the system, but I believe that the Minister should look into the matter urgently.

As I said earlier, Mr Bennett was put in an invidious position, because he was told by legal advisers that if he tabled a motion on contact or care and control, he would prejudice his case on jurisdiction. He should not have faced that dilemma. If they do not already have the power to investigate a child's situation of their own volition—I suspect that they do—the courts in England should have that power, without prejudice to any other issue before them.

When there is a clear conflict between the decisions of the courts in England and Scotland, public confidence in the system requires there to be a proper inquiry. I do not know what understanding was reached by the Scottish and English civil servants who met to discuss this case,

[Mr Doran]

but I do know that nothing has been published. It is not enough to say that everything is okay and that everything is working fine, when clearly it is not. I should like a report published on the discussions that took place and on the details of the conclusions that were reached and why they were reached.

Of course, there is another way to resolve this case: to take the matter to the Supreme Court. That might seem appropriate, given the conflict between the two jurisdictions. Unfortunately, when Mr Bennett and his advisers—he now has legal advice—attempted to take the case from the Court of Appeal to the Supreme Court, his application was refused.

Without fully understanding all the mechanics, the idea that courts in Scotland dealing with the same circumstances and the same legislation could be in complete conflict with the courts in England is difficult for the lay person to understand. It is extremely regrettable that this important issue has not been considered by the Supreme Court. I know how important it is that politicians do not interfere in any way whatever with the judicial process, but I believe that a number of serious matters need to be fully considered, and the best place for that is the final court of appeal of both civil jurisdictions—the Supreme Court.

The issues that I have raised primarily affect my constituent and his daughter, who is denied access to her father. However, breakdown of marriage and movement between jurisdictions is not uncommon in our society. I believe that the courts in England have got the interpretation of the law completely wrong as it is applicable to this case. Now that the case is concluded, I hope that the Minister will agree that a serious injustice has been done and that Mr Bennett is fully entitled to feel that the legal system has let him and his daughter down badly. It is incumbent on our legal system and the Government to do something to correct the situation. As I said, changes do not necessarily need to be made to the Family Law Act 1986—unless section 41 can be amended so that it is more clearly understood, particularly by lawyers.

I ask the Minister to give serious thought to the matters that I have raised today, and to consider how we can move forward, so that the case of B *v.* B does not stand as a precedent to be applied in similar cases of conflict.

1.17 pm

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I congratulate the hon. Member for Aberdeen North (Mr Doran) on securing this debate. It has enabled him to raise the concerns of his constituent on the difficulties that can arise when a child is taken from the part of the United Kingdom where he or she is habitually resident. May I say how sensitively he put his constituent's case? He did so in the personal context a concerned parent. That should not be forgotten.

At the outset, I should make it clear that in all cases involving a child's upbringing—including where the child should reside and who should have contact with the child, as the hon. Gentleman rightly said—the court's paramount consideration must always be the welfare of the child. The welfare of the child should be paramount in all cases involving decisions about his or her life. The welfare of the child is paramount in the law in all parts of the United Kingdom. English courts are required to consider the child's situation and hear any application made by a parent; the courts can also make orders on their own initiative, as required under the Children Act 1989.

The Government appreciate that disputes about arrangements for children—for instance, where the child is to reside, contact and the continuing involvement of both parents in the child's life—will be extremely upsetting for all concerned, and will frequently be damaging for the child. The Government firmly believe that it is in the best interests of the child for both parents to continue to be involved with his or her upbringing, and for both parents to have regular contact with the child, provided it is safe.

The Government are conducting a review of the family justice system in England and Wales, and one consideration is increasing contact between children and the non-resident parent following divorce or relationship breakdown. The serious problems that can arise for parents in maintaining a relationship with their children when a relationship has broken down will be increased if the child is moved from one part of the UK to another. There is then a cross-border element in the family situation. The hon. Gentleman made clear the distress caused to his constituent by the circumstances surrounding the removal of his child and subsequent events. When a child is taken without consent, it inevitably causes great distress for the parent who is left behind. The parent can also be left facing considerable difficulties in obtaining the return of their child. As the child has been moved from one part of the UK to another, the parent has to deal with the question of which court will have jurisdiction. The Family Law Act 1986 provides rules of jurisdiction in the different territorial parts of the UK. The primary rule is that the courts of the part of the UK where the child is habitually resident will have jurisdiction in any proceedings regarding the child. That much is clear.

Identifying habitual residence is a question of fact for the courts. However, the 1986 Act contains rules to prevent a person who removes a child from his or her habitual residence without consent from benefiting from that wrong. That benefit could occur if the person could take advantage of any change in the child's habitual residence resulting from the unlawful move to claim that another part of the UK now had jurisdiction. Allowing jurisdiction to change immediately in those circumstances would encourage child abduction, which is clearly contrary to a child's welfare. Lengthy disputes about which courts should hear a case delay resolution for the child and are also clearly not in the child's best interests. It is important that clear rules exist to prevent abuse of jurisdiction through child abduction.

As the hon. Gentleman describes, section 41 of the Family Law Act 1986 deals explicitly with the situation in which a child under the age of 16 who is habitually resident in one part of the UK becomes resident in another part without the agreement of all the people who have the right to determine where the child should reside. In those circumstances, the 1986 Act provides that the child shall be treated as still habitually resident in the part of the United Kingdom from which he or she was removed for a period of one year from the date

of removal. In practice, that usually means that the courts of the part of the UK in which the parent from whom the child was taken lives will have jurisdiction over any proceedings regarding the child during that year even if the child becomes habitually resident elsewhere. To ensure that children are always protected, a court in the jurisdiction in which a child is present can take urgent, provisional action to protect the child.

In that way, the 1986 Act promotes child protection; it discourages wrongful removal of children by removing any jurisdictional advantage that the person removing the child hopes to gain. The Act also provides an important protection for the parent who did not consent to the child being taken, as the person has a significant period of time in which to challenge the removal of the child and to make an application to the courts of the child's original habitual residence for the child to be returned. Once jurisdiction is accepted by the correct court, it will consider the merits of the case in the light of the child's welfare. That may or may not involve a return of the child to the original habitual residence. The court will consider with whom the child will live, and how contact with the non-resident parent should be supported.

Mr Doran: I am grateful to the Minister for the way in which he is explaining this situation, but he is talking about when the law is operating as it should. What I am dealing with is a situation in which the law has not operated as it should.

Mr Djanogly: The hon. Gentleman makes a fair point, and I was coming on to that. However, I will say now that it is accepted that the original English without-notice decision was made without jurisdiction. However, there were numerous ways in which the order could have been challenged, either on the point of the lack of jurisdiction or on the terms of the order made. It must also be accepted that courts can make orders, and sometimes have to make orders, for the welfare of the child without all parties being informed of the application, if that is felt to be appropriate in the circumstances of an individual case. Such orders would usually be drawn up so as to provide for a review at an early stage—perhaps after seven days—so that all parties can make representations.

If the courts of the part of the UK to which the child has been taken make an order in respect of the child, then the parent who did not consent to the child's removal can challenge that order in the court which made it on the basis that the court did not have jurisdiction to make it. It is very regrettable if an impression has arisen that to challenge the jurisdiction of the court to make an order is, by implication, to accept the jurisdiction of that court. That is absolutely not the case in English law, and indeed nothing in the 1986 Act seems to suggest it. The law is clear that to challenge the order in the court in England and Wales, which made it in this way, is not to surrender to or accept the jurisdiction of that court. This is a rule which is clear both at national and international level. However, even orders made without jurisdiction must be obeyed until such time as they are successfully overturned, and proper action must be taken to overturn them.

However, balancing the requirements of a child's welfare requires that the rule in section 41 does not last indefinitely. Habitual residence is a question of fact for the courts to determine, and it is generally accepted, including in international law, that the interests of a child are usually best determined by the courts of the territory in which the child is habitually resident, as that court is best able to judge the child's needs and situation there—the court is "proximate" to the child.

A year is a long time in the life of a child, especially a young one, and circumstances can change very quickly. If nothing is done in the original jurisdiction to address the removal promptly, and within the year at most, that child's life will have moved on and courts need to be able to address the child's situation as it is at the time any application is made. There seems to be little point in making the child's habitual residence the primary rule of jurisdiction in the Act to ensure a close connection between the court hearing the case and the child's actual situation, only then to refuse to acknowledge the reality of the child's situation in determining jurisdiction because a non-consensual removal occurred quite some time in the past—even more so when that removal could have been dealt with promptly by the courts of the child's original habitual residence had they been seized of the case by the left-behind parent within a year.

The hon. Gentleman has asked for the Government to examine this matter and consider a review of the provisions of the Family Law Act 1986. The Government do not consider that a formal inquiry would be appropriate here as the provisions of the law are quite clear and generally provide reasonable protection for children who are wrongfully removed. The Government do not believe that it is necessary to amend the provisions of the Family Law Act 1986. However, it is important that the provisions of the Act should be operated properly in practice and that the courts should follow its provisions as they determine the question of jurisdiction for proceedings.

The Government have undertaken to consider whether the question of jurisdiction regularly causes difficulties. Following the hon. Gentleman's previous debate on cross-border contact issues in December 2007, officials wrote to the Law Society in England asking for its assistance in identifying the extent to which jurisdictional issues arose in cross-border cases and the extent to which they prevented people making substantive applications and having their cases resolved and whether any procedural or other changes might be required. Similar inquiries were made by the Northern Ireland Court Service with the Law Society of Northern Ireland, and by the Scottish Government with the Law Society of Scotland. Following receipt of the replies, officials have discussed the question of what further should be done to address the jurisdictional issues. Concern was expressed about the courts' ability to deal with jurisdictional issues, particularly by Scottish colleagues.

I am not convinced that jurisdictional issues are preventing people from having their cases resolved. However, I fully accept that the sort of unfortunate circumstances underlying this debate today must be avoided if at all possible. We will consider whether anything more needs to be done.

The underlying question in all proceedings relating to children must be the welfare of the child or children concerned. The provisions relating to jurisdiction in the Family Law Act 1986 are intended to support the child's welfare by deterring wrongful removal of children, but also by ensuring that the court with the closest connection to a child makes the decision about that child. Underlying

[Mr Djanogly]

the Act is the premise that it is normally better for decisions about a child's upbringing to be made by the courts of the part of the UK where the child is habitually resident. That continues to be the case, even if the child was moved without consent.

The hon. Gentleman mentioned that the Scottish courts have criticised the English High Court. It is not for the Government to comment on the observations of a judge in deciding individual cases.

Mr Doran: The hon. Gentleman referred to a survey of the various law societies. May I have the summary or the details of the responses?

Mr Djanogly: I will certainly correspond with the hon. Gentleman on those issues. With that comment, I bring my points to a conclusion.

Civil Recovery (England and Wales)

1.30 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): I am grateful for the opportunity given by Mr Speaker to have this debate and to the Minister for doing a back-to-back session by responding to two successive debates.

Colleagues who have looked at the Order Paper and seen that this debate is about civil recovery in England and Wales may not have realised immediately what the subject of the debate is. "Civil recovery" is not a phrase that people regularly use. I want to introduce the debate by giving two examples of incidents that came to my attention as an MP in Southwark and that precipitated my interest in the subject.

A constituent of mine came to me after her 15-year-old daughter was accused of stealing £6 worth of goods from a London store. The daughter was then sent a demand on behalf of the store from which she was alleged to have stolen those items asking for £137.50. The explanation given was that she was being asked to compensate the store for the £6 worth of items and to pay the rest of the costs of the administration, the store security and so on. Another constituent then approached me on behalf of one of her daughters, who had been with two friends at Primark. One of the three girls—not my constituent's daughter—was accused of stealing, but demands for £87.50 were sent to all three girls on behalf of Primark. These two incidents alerted me to what I have since discovered is a very widespread practice.

Tom Brake (Carshalton and Wallington) (LD): My right hon. Friend is right that this is a widespread practice. I want to draw to his attention to a very similar case involving a constituent of mine. She was stopped and accused of shoplifting. Nothing was found, and she was released by the police, but subsequently she received a letter from a civil recovery company saying that she needed to pay £70.

Simon Hughes: Like my hon. Friend, all Members of this House who are MPs for any length of time will discover, if they go through their casework files, that this practice is being brought to their attention. At the beginning of this debate, I unambiguously want to pay credit to the citizens advice bureaux and in particular to Richard Dunstan, who had done some work on this issue long before I became aware of it. On behalf of the CAB, he has brought together all the examples of this practice in the best possible place. As a result of his work, two briefings have been published by the CAB, which I recommend to colleagues and others who have an interest in this subject. The first, "Unreasonable demands?", was published in December 2009, and the second, "Uncivil recovery", was published in December 2010. The subtitle of the second briefing tells us succinctly what we are talking about. It is:

> "Major retailers' use of threatened civil recovery against those accused of shoplifting or employee theft."

Colleagues in both the last Parliament and this one have shared my interest in this subject. In the previous Parliament, I know that Ian McCartney was particularly concerned about the issue, and in this Parliament I know that Baroness Hayter has already registered her

interest in the subject. I am grateful to her for her continuing interest, which I think that she will want to pursue in the other place.

None of us who are here for this debate are defending shoplifting or employees who shoplift or take property from their employer. However, there are proper procedures, proper criminal processes and proper civil processes. What should not happen is that people who often are young—that is, under the age of majority—vulnerable, mentally ill, distressed or disturbed are intimidated, charged extortionate fees or threatened with what are, bluntly, bogus actions, either by the shops themselves or more frequently nowadays by those who are employed by shops to act for them.

I have discovered that this problem is significant. In each of the past three years, some 100,000 people have received one or more letters demanding a substantial sum of money as "compensation" for their alleged shoplifting or employee theft, and threatening civil court action and associated extra costs if the sum demanded is not paid promptly. Since 2000, more than 600,000 people have received such civil recovery demands, issued by one of a handful of agents acting for well known high street retailers such as Asda, Boots, Debenhams, Tesco and TK Maxx. In the great majority of those cases, the value of the goods or cash allegedly stolen was relatively low. If the accusation is of shoplifting, the value was just a few pounds. In four out of five cases, the goods were recovered intact for resale. In many cases, somebody was apprehended when they were accused of leaving a store with an item—for example, an eyeliner worth £2 or a grocery item worth £1.60—without having paid for it. They then paid for it and were released, but they still received the civil recovery demand later. Among those cases reported to the CAB, one in four of the recipients of such demands are teenagers, most of them aged between 14 and 16, and other recipients are particularly vulnerable.

In many cases, the alleged theft is strongly denied, so it is not always the case—indeed, it is normally not the case—that these allegations are accepted by the person who is charged. In some cases, there was clearly an innocent mistake; in other cases, there was an error; and in other cases there was confusion. However, it matters not, because these stores have behind them a small but growing army of lawyers and other companies that are making a hefty profit from this business.

There is a common feature in these cases. If the sum demanded is not paid, the threat of county court action is often repeated. There is a second threat and then a third threat, giving ever closer dates of notice. However, at the end of all these threats county court action does not materialise, because it was invalid and unjustified in the first place.

The most prolific civil recovery agent, a firm called Retail Loss Prevention, is the biggest player among a small army of players in this sector. It has confirmed that it has never successfully litigated a fully contested county court claim in respect of an unpaid demand. The CAB has also received advice, which I have seen, suggesting that there is no obvious legal authority for most of these demands. Taken together, those two facts suggest that the practice of threatened civil recovery relies on fear and/or shame, as well as ignorance of the law, for its effectiveness.

When I began thinking about how I would raise this issue, I wondered which Government Department I would, as it were, "summon to answer" to me in the first place, because it is very clear that this matter is not only the responsibility of the Ministry of Justice. However, I thought that I would start there, because it is a justice issue, and I am very grateful for the Minister's presence today and for his Department's interest in this subject. Shortly, I want to put to him some specific issues that I hope his Department can pick up, because I believe that it has a responsibility to do so and that it can do things.

There is no way that that we should continue to permit this system of civil recovery, and I hope that today's debate will precipitate a working-together across Departments. Obviously, there is a Home Office interest in this issue and there is also an interest for the Department for Business, Innovation and Skills, as well as an interest for the Ministry of Justice, in trying to ensure that we shut down this business and make those who are involved, which are otherwise reputable major retail outlets, behave in a much more reasonable way.

Nobody condones retail theft. It is a big issue, and we need to ensure that stores are not pilfered and that there is the best possible policing of them. However, even if one accepts that retail theft is a big problem, the percentage of the money stolen from shops that is recovered by these means is a very small proportion of the total. So it is not as if the retailers involved are able to cover all their costs by doing this type of thing. I will turn to some examples.

Tom Brake: Has my right hon. Friend considered that we should take up this issue in a protection of freedoms Bill No. 2? It is probably too late for the Protection of Freedoms Bill that is about to start its Committee stage, but it could be considered in a future Bill.

Simon Hughes: I am grateful for my hon. Friend's suggestion, and I hope that the Minister will address the areas that the Ministry of Justice can pick up. If over the next few weeks, with concentrated efforts in both Houses, we can get a coalition—as it were—of determination to do something, I, with my hon. Friend and others, will look for the earliest available opportunity to deal with the legislative changes that I think are part of the response that is needed.

On the protagonists, I have listed some of the major retail players, and I will now deal with the agents. In eight out of 10 of the cases reported to citizens advice bureaux the demand was issued by a Nottingham-based company called Retail Loss Prevention Ltd. Since 1999, that company has issued more than 550,000 demands on behalf of dozens of retailers, including Argos, E.H. Booth, Debenhams, Harrods, Iceland, Lidl, Matalan, Morrisons, Mothercare, Netto, Primark and Waitrose. The company retains some 40% of any money it recovers and the remainder goes to the retailer client. The owner and managing director of the company, who is being pursued by Citizens Advice and by others in the media, has said that the company is

"passionate in our belief that we are helping the community by going after the 'soft' criminals who are often seen as lower priority by the police".

In seven out of 10 of the cases that have come to the notice of citizens advice bureaux, the demand was issued on behalf of one of just six retailers—Boots, TK

[Simon Hughes]

Maxx, Tesco, Wilkinson, B&Q and Superdrug. The predetermined fixed sum demanded by RLP in most if not all shoplifting cases varies according to, and is determined by, the total value claimed of the goods or cash involved. If the value is between nothing and £10, the sum demanded is £87.50 and the 21-day settlement offer is £70; if the goods are worth between £10 and £100, invariably £137.50 is asked for, with a discounted 21-day-period amount; if the value is more than £100, £187.50 is asked for, with a quick-pay discounted amount of £150; and if it is more than £300, £250 is asked for, with a quick-pay amount of £200. It is clear that the company has never justified the legitimacy of its action. It has been asked persistently about the evidence for its actions, and it has repeatedly declined to produce any evidence that claims have regularly and successfully been pursued by means of county court proceedings.

The company has also clearly misrepresented the position. Until last November, RLP's website stated that

"we have established operating procedures for Civil Recovery and agreed guidelines with the Association of Chief Police Officers (ACPO) and Association of Chief Police Officers Scotland (ACPOS)".

However, in October last year, the assistant chief constable who leads on retail crime for ACPO wrote to Jackie Lambert at RLP stating:

"Whilst there may have been agreements in the past about exchanging data and operating civil recovery with ACPO...there are no such agreements in place now and indeed on several occasions over the last few years I and my colleagues have asked that such references be deleted. Please remove from your website any and all references which state or imply that RLP operates its civil recovery in agreement or cooperation with the Police Service. Clearly if you have an agreement with an individual force you could make reference to that, but I know of none."

In November last year, ACPOS said:

"At no time have ACPOS entered into any formal agreement with RLP or assisted them in any civil recovery".

The other players are Drydens, a law firm based in Bradford, Nottingham-based Civil Recovery Solutions and, more worryingly in a way, a Florida-based law firm, Palmer, Reifler and Associates, which is a major player on the United States civil recovery scene but is not regulated to practise in the UK and uses Wigan-based law firm Goddard Smith as its agent. Lastly, there is the London-based firm Civil Recovery Limited, which acted for only Tesco and was closely related to a security company called TSS, which supplies security guards to Tesco, Boots and other retailers. Civil Recovery Limited ceased trading last summer.

Penultimately, there is of course a civil wrong if someone steals something from someone else. There is a tort as well as a crime, and there is a breach of contract if an employee steals from their employer. I am not arguing that there might not be proper civil proceedings, but this is a contrivance. It is an intimidation, with the protagonists selling their services to the retail fraternity and then recovering a large amount of money under clearly false pretences. What please can we do about it?

I would like the following from the Ministry of Justice. I would like it to ask the Law Commission, which has a report in the pipeline, to ensure that it urgently reviews the entire law on civil recovery, with a view to eventually ensuring, by law if necessary, that civil recovery is limited to cases involving serious, determined and/or persistent criminal activity for which there has been a criminal trial and conviction. I would like the Ministry, as a matter of urgency, to prepare and disseminate public information and advice on threatened civil recovery, and in particular on the options available to people who might receive a civil recovery demand from Retail Loss Prevention, Drydens or other civil recovery agents. That could be done through the Government's public information service—Directgov—citizens advice bureaux and other advice outlets.

I also want the Ministry of Justice to talk to the Solicitors Regulation Authority to see whether it needs to take further action to ensure that the civil recovery practice of solicitors, including employed solicitors, is consistent with the solicitors' code of conduct. I would then like the Home Office, the Department for Business, Innovation and Skills, the retail industry and the police to identify and develop a range of alternative ways of dealing with those involved who, if they are young, mentally ill or vulnerable, are often better dealt with by cautions and the early stages of the pre-criminal procedure in my experience.

As the total amount recovered by the civil recovery agents for their retailer clients each year seems unlikely to be more than £16 million, the practice is clearly completely unacceptable, given that they say that they lose £4 billion every year as an industry. I hope that some major retailers will hear this debate and agree to review their practice. Most of all, it is clear to me that the practice has become an opportunity for great profit-making by a few at the risk of improperly influencing and intimidating people who ideally should not be in the criminal process, unless they are regular offenders, and certainly should not be the victims of communications that distort the facts, misrepresent the law and often put the fear of God into people who certainly do not have the money to pay large sums.

I hope that the Minister can be helpful, that he understands the importance of this issue to all our constituents, and that today will be the beginning of the end of this practice. I am very grateful to all those people who have brought the issue to the public's attention, and I hope that there will be continued significant public reporting, until the practice is ended.

1.48 pm

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I am grateful to my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes)for providing me with this opportunity to outline the Government's position and the action being taken in respect of civil recovery.

The Government are firmly committed to working alongside business and trade associations to find effective solutions and responses to business crime, including retail theft. My right hon. Friend identified that civil recovery is dealt with by a number of Departments in addition to the Ministry of Justice—for example, the Home Office, in preventing and tackling retail crime; the Department for Business, Innovation and Skills, in retail business, sponsorship of Citizens Advice and employment relations; and both DBIS and the Office of Fair Trading, in consumer protection legislation. As my right hon. Friend requested, and as I will come to later,

the Law Commission is reviewing this area, and officials in the Departments that I have mentioned will respond in due course.

Civil recovery is the legal means by which anyone who has suffered a financial loss due to the wrongful actions of someone else can seek appropriate compensation under civil law. Civil recovery schemes are used by many high-street retailers to deter shoplifting and recover from shoplifters the management, administration, security and surveillance costs incurred in dealing with the case, including the costs of the civil recovery action itself. That ambition is both understandable and justifiable. Shoplifting is not a victimless crime. Businesses employ civil recovery agents to recover through the civil courts often relatively low-value losses arising from, for example, shoplifting or employee theft. The alternative would be criminal proceedings rather than a suit, with the likelihood of a criminal record for the person being prosecuted.

Retailers have a clear legal right to recover the costs of goods that they lose as a result of crime. The Government recognise the appropriate and proportionate use of civil recovery as one option available to retailers for dealing with low-level criminal activity that also amounts to a civil wrong. We believe that civil recovery, when used proportionately, provides an effective response to low-value and often opportunistic crime that often involves teenagers and other vulnerable people.

The national retail crime steering group set up by the Home Office with the British Retail Consortium provides a forum for the Government, law enforcement agencies and retailers to discuss and devise strategies for tackling crimes of concern to retailers. At that national level, the Government are working with industry and business to broker solutions that cannot be solved by local action alone and to promote the sharing of effective practice. The group focuses on the significant crime issues affecting businesses, including tackling shop theft, violence against staff and the growing threat of e-crime, to adopt a task-focused, action-orientated approach.

We are encouraging businesses to do more to protect themselves from crime. Effective crime prevention advice is available for businesses to use, and we are making it a priority to share effective practice examples of businesses working together and in partnership with the police and other law enforcement agencies to tackle retail crime across their local areas.

As the right hon. Gentleman said, most retailers who adopt the civil recovery procedure normally employ specialist civil recovery companies to seek damages on their behalf, to meet the losses caused by individuals who steal from them. I understand that in addition to the actual cost of any goods stolen or damaged, retailers seek to recover the overall costs that they have incurred in dealing with the matter. The additional costs are usually claimed to cover the costs of general store security measures such as CCTV, security tagging and security staff, as well as any administrative costs incurred by the retailer.

In the great majority of cases, the value of the goods or cash allegedly stolen is relatively low, sometimes just a few pounds. However, the sum sought in damages can be substantially higher once additional costs are included. Such costs are often charged as a fixed sum of between £100 and £150, depending on the value of the goods or cash involved. I note that the right hon. Gentleman mentioned the amount of £137. The practice adopted by most companies involved in the sector is to write to individuals demanding payment. Failure to pay is followed by a threat of a court action for unpaid damages and the subsequent use of debt collection agencies. Such individuals are advised that their details will be entered on a national database, which can be accessed by retailers, prospective employers and credit providers.

Let me be clear that the Government are entirely satisfied that retailers have a legal right to recover the value of any goods lost or destroyed as a result of an individual's actions. Defendants can go to their local CAB and receive advice about what to do with the claim. The Government accept that a retailer arguably has a legal right to recover any additional costs or losses directly caused as a result of dealing with a case. However, we appreciate that there is no statutory or other clear basis for setting the amounts of such costs or losses that can be recovered in an individual case. Therefore, the amount of money, if any, that a retailer can recover from an individual accused of low-level theft in respect of its wider costs is entirely a matter for the courts based on the circumstances and facts of the case.

I say "if any" because my officials have not yet been able to identify any cases in which the issue has been tested before the courts and a definitive judgment given. A specialist recovery company confirmed to Citizens Advice in 2010 that it had never issued a claim seeking recovery where an alleged shoplifter had failed to pay the sum requested. Therefore, that area of the law remains untested. CitA—the new name for Citizens Advice—has undertaken a lot of valuable work, for which we are grateful, to highlight what it believes are the relevant problems. I will refer to that valuable contribution later. However, given that some civil recovery is clearly entirely legitimate, we consider that the question deserving further examination involves the means used and the proportionality of losses recovered.

Simon Hughes: Has any work done by the Minister or his officials confirmed that the amounts sought in such cases have no relation to the costs incurred? People should be entitled to recover the £5 cost of a stolen item, but the £135 or £235 top-up fee does not appear to have any basis in reality.

Mr Djanogly: That would be a matter for the courts to decide, and as I have just tried to explain, there has not yet been a test case. A test case might be a good idea.

There is no clear basis for setting claims for additional costs at a specific level. Indeed, retailers can seek to recover such additional costs only to the extent that they can show that they have been incurred directly as a result of dealing with a case, so it is not at all clear how such costs could be set at standard levels. However, as I said, the point has yet to be tested fully in the courts.

As I said, Citizens Advice has raised a number of concerns about how civil recovery companies operate and has conducted valuable work on the matter, culminating in two reports. "Uncivil Recovery", which was published in December 2010, set out detailed case studies drawn from 300 CitA-reported cases in which individuals had been accused of shoplifting or employee theft and were then pursued for substantial sums of money as compensation for what was described as

"loss and damage caused by your wrongful actions."

[Mr Djanogly]

I understand that in the vast majority of cases the police were not involved, nor were criminal charges brought. CitA suggested that it is unfair to use the civil courts in such circumstances, argued that the practice of civil recovery effectively relies on fear and ignorance of the law for its effectiveness and made a series of recommendations.

We believe that the recommendation that the law should be clarified to prevent any civil recovery unless there has been a criminal trial and conviction would result in undesirable additional pressure on the criminal justice system. As I have mentioned, the Government accept fully that some civil recovery is entirely legitimate. Accordingly, we consider that the question of the means used and the proportionality of losses recovered might deserve further examination. However, we accept that one important issue is what approach companies acting on behalf of retailers adopt when pursuing such cases.

In that context, I am pleased to be able to tell my right hon. Friend that the topic, and whether any guidance needs to be issued or other action taken, is being considered across a number of Departments, and good progress is being made. For instance, the Law Commission intends to seek views on the question in a paper soon to be issued on consumer redress for misleading or aggressive practices. The Law Commission project reviews the directive on unfair commercial practices implemented in the Consumer Protection from Unfair Trade Practices Regulations 2008 and asks whether consumers should have a right of redress of breaches of the regulations, and that includes the question whether civil recovery is a commercial practice within the meaning of the directive.

The issue is not beyond doubt, but on a broad interpretation of the meaning of a commercial practice, the directive could apply to civil recovery where it is used against shoplifters. That would not make civil recovery illegal, but specialist recovery companies would not be permitted to send misleading or aggressive letters. More generally, the Law Commission is also considering whether there should be a statutory right of redress for people to reclaim, along with moderate and appropriate damages for distress and inconvenience, any moneys that they might have paid as a result of a misleading or aggressive letter.

The Citizens Advice report implies that civil redress is sometimes uncalled for, but the Government do not support that position. The report is certainly useful in raising important issues, not least those that concern aspects of consumer protection, but I accept that some technical issues need to be resolved.

Simon Hughes: I see that the Minister is on his last page, so I will ask him one last question. A Law Commission report is imminent. Do the Government have a plan to bring together views across Departments and produce a coherent collective response later in this parliamentary Session? I am sure that it would be welcome in both Houses.

Mr Djanogly: I cannot guarantee the timing today, because it will need to be agreed among several Departments, but the issue will be considered on a cross-departmental basis, and we will come back with proposals.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 23 March 2011

[DAVID AMESS *in the Chair*]

Public Sector Funding

Motion made, and Question proposed, That the sitting be now adjourned.—*(Brooks Newmark.)*

9.30 am

Barbara Keeley (Worsley and Eccles South) (Lab): I am pleased to have secured a debate on the important topic of the effects on the voluntary sector of reductions in public sector funding. I am also pleased to serve under you as Chair, Mr Amess.

In the current economic context, a thriving community and voluntary sector is vital. Locally, people with debt problems need their citizens advice bureau, carers need their carers centre and people need support from organisations that work with children with special needs or with people who have long-term conditions. The previous Labour Government have a proud record of support for a stronger voluntary sector. We doubled the funding to the sector from £5.5 billion to £12 billion in 2009, and created the first ever Minister for the third sector, with an office putting the third sector at the heart of Government. In addition, we gave the third sector a strong voice in Government through the Third Sector Partnership Board.

We also supported social enterprise. At the end of 2010, there were approximately 62,000 social enterprises in the UK, contributing at least £24 billion to the economy and employing 800,000 people. Labour did much to boost and encourage volunteering in our communities when we were in government. Some 850,000 charity trustees serve on the governing body of a charity, and 780,000 paid staff work in the sector to provide services and to support and encourage volunteering. There are also 2.7 million volunteers, on whom many small charities rely. For example, my local citizens advice bureau in Walkden has 20 volunteers a day working with staff who are trained debt advisers or are trained to offer legal advice.

Some 40% of adults report that they have volunteered formally at least once in the past 12 months, with 25% volunteering formally at least once a month. However, despite the coalition Government's rhetoric about the big society, cuts in funding from central and local government are damaging the sector. It has been estimated that the voluntary sector is facing cuts of £1.1 billion just this year, rising to more than £3 billion next year. There are also real fears for the capacity of the voluntary sector. At a time when the Government are talking about localism and creating opportunities for charities and community organisations, the sector will almost certainly do less this year than in previous years.

The collaborative website, www.voluntarysectorcuts.org.uk, is mapping those cuts. One of them is a grant cut of £500,000 from the Office for Civil Society to the volunteering support organisation, TimeBank. I want to discuss that as an example of what initiatives are affected when such a cut is made. TimeBank was set up in February 2000 and was funded by the Home Office and the BBC as a support agency to inspire a new generation of volunteers. Its vision is to make volunteering part of the fabric of everyday life. In the past 10 years, TimeBank has helped and encouraged 30,000 people into volunteering. For example—this is a good example to consider at the moment—in 2004, TimeBank asked people to back London's bid for the Olympics and 14,000 potential volunteers responded. That has now risen to 100,000 people who want to volunteer for the Olympics. In the same year, it recruited 1,900 people aged 20 to 35 for volunteering opportunities with hospices. In 2008, 1,400 parent volunteers were recruited to mentor other parents for Home-Start. TimeBank offers tailored support to anyone interested in volunteering or running a dedicated help desk and website. The organisation has established good practice and provides space for local, regional and national sharing of experience. It runs a dedicated help desk and website to signpost people towards volunteering opportunities and to increase accessibility and engagement.

TimeBank recently launched something called the volurater, which is a forum like TripAdvisor that allows people to review their volunteering experience. TimeBank says that the cancellation of its funding from the Office for Civil Society means that its support functions will be severely undermined. The staff and resources for that work have been paid for from the core funding that it receives from Government. All its other funding streams are ring-fenced for programme or project delivery, so the loss of £500,000 of grant funding puts a significant proportion of TimeBank's work under threat. As I said, the volurater is a review tool for volunteers to rate their volunteering experiences. It aims to help to drive up standards in volunteering across the board and to give volunteers a voice. No other organisation has such a tool for volunteers, and it is now under threat.

Junction49 is also under threat. It is a web platform aimed at young people that acts as a type of Facebook for volunteers. It was set up in 2007, and it allows young people to share and develop ideas, and to make a difference in their communities by setting up volunteering projects. Junction49 has supported 1,145 young people, and helped them to volunteer through advice, support and connecting them with other like-minded people. TimeBank's website and newsletter are also at risk. The website receives 16,000 new visitors a month, and is designed specifically to help people to volunteer. The website includes ideas and inspiration, such as a blog, a postcode search for local opportunities and a "how to get started" section. There is also a help desk that is contactable by phone or e-mail, with a dedicated staffing resource to answer questions about volunteering and help people along the way. TimeBank has a monthly electronic newsletter that is sent out to 300,000 volunteers whom it calls time givers, and it includes ideas and tips about volunteering. Regular social media activity—the type of things I have been describing—drives people to the website and raises awareness of volunteering issues and best practice. It also helps with recruiting volunteers and signposting volunteering opportunities.

TimeBank also runs programmes to match people with volunteer mentors. I shall mention two of those that are under threat as a result of the funding cuts. TimeBank has worked in partnership with Carers UK to develop a mentoring programme for new carers, who often feel overwhelmed by their responsibilities. Those two organisations are providing new carers with access to information and advice from a mentor who has been

[Barbara Keeley]

a carer themselves. A groundbreaking TimeBank project called Shoulder to Shoulder supports ex-servicemen and women returning to civilian life who have mental health problems. More than 20,000 people leave the service to return to civilian life each year, and around a quarter of those have a mental health problem. One in five of those have a mental health problem resulting from traumas and injuries that they experienced during their service.

Another valuable area of work for TimeBank is support for businesses involved in employee volunteering. Participating organisations include Sky, Virgin, Vodafone, Sony, T-Mobile and even the Cabinet Office. Years ago, I worked on such a project with the organisation, Business in the Community. I arranged community development assignments for staff from organisations and corporate companies, such as IBM and Marks & Spencer. Support for that type of volunteering from business is needed if such things are to happen. I know how valuable that is, both for the employee who volunteers and for the community organisation for which they volunteer. For instance, in 2008, TimeBank organised T-Mobile employees to help young people who are not in education, employment or training set up their own projects and design a mobile application to tackle a social issue. That work could also be under threat.

In December 2010, the Minister posted a message on Twitter congratulating TimeBank on its 10th anniversary. Cutting one sixth of its funding three months later is hardly the right way to support an organisation with a 10-year track record of innovative support for volunteering. TimeBank's chief executive has said:

"This decision will hugely undermine the Government's vision for a Big Society…For the past decade we have made an important contribution to mobilising an army of 300,000 volunteers and to improving the quality of volunteering across the board. Without this vital core funding we will not be able to continue to deliver the level of service that we have based our reputation on and will have to considerably reduce our activities and staff as a result."

Emma Reynolds (Wolverhampton North East) (Lab): I have an example in my own constituency. Kids in Communication is a youth media group that operates KicFM, and it has recruited 5,000 volunteers in the past decade. I urge the Minister to look at that group with some urgency. It will run out of funding at the end of next week. He has previously mentioned that 50% match funding might be available. If we are going to create a big society and sustain it, we need such organisations to recruit volunteers. By rolling back the funding, the Government are decreasing the number of volunteers in society, which goes against the whole spirit of the big society.

Barbara Keeley: Indeed, and I thank my hon. Friend for her intervention. I personally believe that some of the decisions to cut grant funding to organisations that support volunteering, such as TimeBank and the one that my hon. Friend has just mentioned, are difficult to understand, because Ministers have talked about encouraging social action and the need to support the community and voluntary sector. In fact, we recently had a debate on the big society in the House. The Minister said:

"I really believe that we have barely scratched the surface of what can be achieved in this country if we strike a more effective and balanced partnership between Government, business and civil society".—[*Official Report*, 28 February 2011; Vol. 524, c. 131.]

Jeremy Corbyn (Islington North) (Lab): I congratulate my hon. Friend on securing the debate. Is the real problem that the Government do not appear to understand the role of the voluntary sector? It is often professional, well run, well organised and extremely hard-working. It brings in lots of money from charities and other places, but it absolutely relies on basic core funding in order to succeed. The Government seem to confuse it with charitable good works in small towns, and that model simply does not apply to complex, urban areas such as the one that I represent.

Barbara Keeley: Indeed. That is right, if there is an urge, as the Minister has said, to discuss partnerships between Government, business and civil society. I talked earlier about employee volunteering from business in the voluntary sector. That has to be arranged, however, because there is a big, wide cultural gap between the private sector and the voluntary sector. We cannot just leave a new business volunteer to flounder in an organisation. I used to arrange business volunteering as part of a job that I did in the past. I know that someone needs to be the link in-between, so I very much agree with my hon. Friend.

The Minister described one strand of action for the Government as

"encouraging more social action in our communities".—[*Official Report*, 28 February 2011; Vol. 524, c. 132.]

How on earth is that going to happen if we cut away the infrastructure of organisations such as TimeBank?

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on securing the debate. She has very clearly outlined the case for volunteers in our society. Every one of us in the Chamber this morning will be aware of the work of volunteers. It seems as if Ministers are diverting money to sports, heritage and arts, and away from voluntary and charity groups and those who do good work in the community. Does she share my concern that there are more worthy cases in relation to the voluntary and charity work that is done in the community?

Barbara Keeley: Indeed. I said in my opening paragraph that in the current economic context issues such as debt advice and other ways in which people volunteer in communities and societies are crucial. Volunteering in sports organisations is important, and sport and culture are important too, but in the current context the social function of volunteering roles are vital, so I agree with the hon. Gentleman.

I shall return to the question of how the Government will encourage more social action if they close off financial support to those small—and they are small—but vital charities that support and encourage people to volunteer. I just want to touch briefly on support for carers, which is one strand of the work that TimeBank is seeking to do, and which is under threat. Support for carers is vital and will become even more so, given the cuts and uncertainty that are now affecting us as a result of proposals in the Health and Social Care Bill. Schemes such as the one developed by TimeBank are essential, and working with Carers UK to put new carers in contact with experienced carers could be a lifeline. Such a scheme helps the new carer to care more effectively, which is important in our communities.

Chris White (Warwick and Leamington) (Con): With regard to TimeBank, is the hon. Lady aware that it is seeking to set up an initiative whereby MPs can bank their volunteering? Would she support that initiative, as I do?

Barbara Keeley: I would certainly support that, but I cannot imagine how the hon. Gentleman thinks that TimeBank will set up new projects if his Government are cutting away its infrastructure funding. It is astonishing that he should raise that today.

Chris White *rose—*

Barbara Keeley: No, let us leave it at that. The Minister and hon. Members have to understand that we cannot remove £500,000 of an organisation's funding and then expect it to carry on with new initiatives. Clearly, it would not be able to do so.

I was discussing the vital scheme that TimeBank is setting up with carers. The groups with which TimeBank works are crucial in our society, but carers are in a special category. Carers who care for more than 50 hours a week are twice as likely to suffer from ill health, while those who care for a person suffering from dementia or stroke disease are even more at risk of ill health. If we do not support carers, therefore, we are causing additional health problems in our communities. In my local area, there are some 22,000 carers, one in four of whom care for more than 50 hours per week.

How are we to take initiatives if we cut the infrastructure funding for organisations? Last week, the Carers Identification and Support Bill, which I introduced, was not debated because we spent much of the time discussing a string of Bills introduced by the hon. Member for Christchurch (Mr Chope). I am sure that hon. Members who are here on Fridays understand that that is a common occurrence these days. There are no new measures to support carers in the Health and Social Care Bill, so how will they be supported? Will the Minister tell us why his Government's cuts to TimeBank have been made, as they will cause the potential loss of a new way to support carers—people who give their up so much of their lives caring for family and friends?

The debate on funding must focus on the important issue of support for the infrastructure of the voluntary sector. Organisations such as TimeBank are on the front line of finding and supporting volunteers for charities, such as hospices and the Olympics, and they help to support and mentor carers. Labour's support helped maintain high levels of participation in volunteering. Cuts to the funding of volunteering charities will result in the organisational cutbacks that I have discussed, and which will lead to a decrease in volunteering, not an increase. I hope that the Minister will tell us today, as my hon. Friend the Member for Wolverhampton North East (Emma Reynolds) encouraged him to do, that he will think again, and that some way can be found to reverse cuts which could be damaging to the cause of volunteering.

Several hon. Members *rose—*

Mr David Amess (in the Chair): Order. I have some words of advice. Westminster Hall debates are important, and the proper procedure is for hon. Members to drop a note to the Chair beforehand if they wish to speak. Certainly, when I am chairing proceedings, those hon. Members will receive preference when I call speakers. If an hon. Member pops in, makes an intervention and clears off before the end of the debate, that is to be deprecated—hon. Members have to stay for the whole debate. Finally, I know which hon. Members wish to speak, but I do not know whether other hon. Members have come to the Chamber to make speeches or interventions. There are five Government Members and eight Opposition Members waiting to speak, and the winding-up speeches will begin at 10.40 am. As hon. Members have taken the trouble to be here, I would like to call everyone. However, they can do the maths as well me, so it is up to them to share the time out.

9.48 am

Tony Baldry (Banbury) (Con): I think, Mr Amess, that coming in, making an intervention and disappearing is known as doing a Spink, is it not?

It is a great pleasure to follow the very thoughtful speech made by the hon. Member for Worsley and Eccles South (Barbara Keeley). She and I are involved as officers of the all-party group on carers. I think there is no one in this Chamber who does not support the work of volunteers and we would all like to see the maximum amount of volunteering. We all have to accept, however, that we start from a position of having to manage an enormous budget deficit. Each and every day, the Government have to spend £120 million, just on interest, to service the deficit. I did a calculation the other day. I added up all the money that the Government give to my constituency through the local district council, the money it gives in grants to Cherwell district council, Oxfordshire county council, the Oxfordshire primary care trust and Thames Valley police for the whole of Oxfordshire, Berkshire and Buckinghamshire. The total equates to just 11 days' interest on the budget deficit. We all have to put this in some sort of context.

I want to make some general comments about local government. I have come to the conclusion that the way it operates will have to change radically and fundamentally, and I shall give the House examples of that. We have had a system under which we all pay our taxes, the taxes go to the Treasury, the Treasury allocates money to local government, and local governments, from their largesse, allocate money to voluntary groups in their area, as they see fit. Voluntary groups have very much been rentiers, dependent on the largesse of local government and what it has chosen to give them. That needs to change considerably.

First, there needs to be a commitment by local government to allow much greater community scrutiny. May I give the House an example of why that is the case? On Saturday, I met with campaigners in Deddington in my constituency who want to retain their library. As we discussed the situation, it became apparent that we have in Oxfordshire a public library service, but also a schools library service, which is operated completely separately. That prompts the question, why do we need two services? What happens with back office costs? As we discussed the matter further and began talking about the mobile library, we realised that it was going to villages to which, at the same time, the GP surgery—in the village that has the library—sends transport to collect people to come into the surgery.

[Tony Baldry]

As the discussion continued, it struck me that, under that system, the risk is that the greatest cuts will be made at the front end—that is, at the service end—yet no one has had an opportunity to understand the full central costs of running the services. The local authority has not been subjected to complete scrutiny so that people may make proper value judgments about whether it is ensuring that any spending reductions it has to make are fairly distributed between it and the services that it might hitherto have supported.

There is a danger that local authorities will simply retrench to their statutory obligations and duties, and say, "If we don't have a statutory duty to do this, we won't do it." However, as we all know, the reality is that, for a long time, part of the fabric of society has been local authorities funding all sorts of organisations and operations that are not necessarily part of their statutory obligations.

There needs to be a new obligation on local authorities to subject themselves to much greater community scrutiny, and that would happen in part if they had to put all their expenditure online and be much more transparent about how they spend their money. Transparency is one thing, but we also need to ensure that they subject themselves to much greater scrutiny so that people can ask questions about how money is spent.

Barbara Keeley: The hon. Gentleman is talking about local authorities retrenching and cutting back on support for the voluntary sector, but I have just outlined an example of the Government doing that. Does the same duty fall on the Government when they start retrenching and substantially cutting grants to charities?

Tony Baldry: The hon. Lady is already able to scrutinise Government decisions—that is exactly what she is doing today in this Chamber. She will have the benefit of a response from my hon. Friend the Minister, whom I am sure will answer her questions about TimeBank, which is an excellent charity and an excellent initiative, in his winding-up speech. Local government needs to take a new approach to scrutiny.

My second point is about engagement. My constituency happens to have been confronted with a threat to the local general hospital. Over time, that has constructively resulted in much greater engagement between local authorities, the primary care trust and various campaigning groups, which has been incredibly successful. As a consequence, we have managed to keep the local hospital as a general hospital.

It strikes me that that is a new, organic pattern of engagement between the local authority and, importantly, its officers, and members of the voluntary and community sectors. There are no rigid demarcations as to who is accountable or who is elected. It involves people coming together constructively to try to work out what is in the best interests of the community as a whole. We need the local government, its officers and elected members to be involved in much more of that sort of broader community engagement so that there can be an ongoing discussion with the community.

My last point is that there needs to be much greater commitment on the part of local government and central Government to put opportunities to tender out to social enterprises and voluntary organisations, and they need to be much clearer about how that should happen. The last example from my constituency is a new social enterprise in Banbury that was set up by people who had been working for many years with offenders at Bullingdon prison who were addicted to or had a dependency on drug or substance abuse. They have been doing excellent work involving ex-offenders in therapy. They have a good, reputable board of trustees, including some eminent doctors and others, and are doing a great deal of work with people who voluntarily self-refer. However, they could do a great deal more in the rehabilitation revolution by offering their services to people who may recently have come out of custody or may be in danger of going into custody—for example, there could be referrals from the courts.

The difficulty is that there is a disconnect in the rehabilitation revolution between how such groups get referrals, who buys the services and how they buy services. If government collectively wants social enterprises to develop, there needs to be a much clearer indication of where, within the machinery of central Government and local government, organisations can buy services. Otherwise, it will be extremely difficult for social enterprises to grow because they will have no idea how they might be able to maintain a sustainable income.

We are in incredibly challenging times because of the need to tackle the budget deficit, but we also have an opportunity to rethink much of what we do and how we approach central Government and local government. In the past, there has been a completely top-down, paternalistic, dirigiste system in which a citizens advice bureau at the bottom of the pile is lucky if it gets a grant each year from the district council. We should turn that on its head. There should be a bottom-up, community-driven process of priorities so that people in Deddington or Adderbury who are concerned about their library can drive the agenda, rather than it being imposed on them from the top. We should see this as an opportunity for real change.

9.58 am

Jeremy Corbyn (Islington North) (Lab): I hope hon. Members will accept that the maths that I have done are correct. Four-minute speeches would get us all into the debate. Are you, Mr Amess, in a position to impose a four-minute limit?

Mr David Amess (in the Chair): Not officially.

Jeremy Corbyn: I look forward to your unofficial imposition of a four-minute limit.

I welcome this debate and congratulate my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) on securing it. The voluntary sector is very important in our society. It is important for community cohesion and for newly arrived communities, and, in inner-urban areas such as the one I represent, it is a crucial part of the social fabric of both local government and health services. It is highly professional, efficient and well organised, and stressful for those who work in it. I am president of Voluntary Action Islington, formerly Islington voluntary action council, and a trustee of several local organisations, including Hanley Crouch community centre, Elizabeth House and a new-ish group called Light Project International, which provides weekend

and after-school activities for young people, so I am acutely aware of and involved in the valuable work done by the voluntary sector.

The voluntary sector has always been a combination of a small amount of general fundraising from events and collections, and much larger funding from local health authorities, local government, various charitable institutions and, occasionally, business donations. That is complicated, and we should have regard and respect for those people who manage community centres and local organisations, and spend an inordinate amount of their time stressing over funds, staff and conditions, and funding applications. They spend a fantastic amount of their time completing funding application forms. An industry has grown up, with professional fundraisers offering to complete application forms and to fundraise for fixed fees or a proportion of the funds raised.

We must think through the efficiency of having highly skilled community centre managers spending sometimes 70% of their time on fundraising activities, which obviously diminishes a centre's day-to-day work. A clearer, more defined role for local government and local health authorities in supporting and funding over a much longer period would be much more efficient. The current system is not efficient.

I have been involved in voluntary sector organisations in my constituency for a long time, and in a previous incarnation I was chair of community development in Haringey council. We developed community centres, particularly for minority ethnic communities, disability groups and others, as a way to bring in people in partnership with local authorities and health authorities. I strongly support the voluntary sector, but am sanguine about its role.

When I hear the Prime Minister talking about the big society, there seems to be a complete disconnect between my experience in inner urban London and what the voluntary sector means there, and the vision that he seems to have of fairly well-off retired people donating money to run a library and so on in a community with highly skilled people with time and money on their hands. That is not the reality of life in my community. If the council closed a library, which fortunately it has not done, and offered it to the local community to run, it would not happen, not because people do not value the library—they absolutely do—but because they do not have the time, the money or the skills necessary to do it. If we want to maintain the social fabric of our society, we must be prepared to put public money into voluntary organisations with the add-on benefit of community usage and all that goes with that. However, as my hon. Friend the Member for Worsley and Eccles South said, that core funding is essential.

Another point for the Minister, which I hope he will answer seriously, is the operation of the transition fund. As with every other community in the country, mine faces enormous cuts in local government expenditure and less grant money from the health authority, as well as less money from London Councils. There are great difficulties. The Government established the transition fund, but I have concerns about it. I received a good brief on it from Gerard Omasta-Milsom, director of Islington Peoples Rights, which is a very good voluntary advice agency. He says that to be eligible for the transition fund, applicants must be

"spending... 50 per cent of your total income delivering frontline... services".

I wish that someone would define what a front-line service is. It is easy to say that we must support people on the front line and not those in the back office, but if a community centre does not have a bookkeeper, a cleaner, a caretaker or someone to repair computers and so on, it does not work. There cannot be a simplistic distinction between the front line and the back office. It is the totality of the service that is most important.

Another condition on transition fund applicants is that they

"have approved annual accounts that are no more than 12 months old which show that... your total income for that year was between £50,000 and £10 million and"

that

"at least 60 per cent of your total income came from taxpayer-funded sources."

But £50,000 is quite a lot. We set up a community chest system in Islington, which operated until the Government cuts, and the council has now set up a new but smaller community chest. It gives small grants to new, seedcorn organisations such as new Somali organisations—we have a growing Somali community in Islington. The grant may be as little as £4,000 or £5,000, and in some cases even less. When such organisations are small and have only just come into existence, a small investment goes a long way.

The briefing goes on to say that free reserves could

"pay for your organisation's total expenditure for no more than six months."

I do not understand that requirement. Anyone who is running an organisation must have enough money to pay for ongoing costs and redundancy costs for at least three months. I hope that the Minister will tell me two things: first, whether the transition fund will be simplified and will continue beyond this financial year and, secondly, whether, as it has been so vastly oversubscribed throughout the country, he will speak to the Chancellor and obtain more money for it.

As every other part of the Budget seems to have been leaked, there will be no harm done if the Minister tells us exactly what part of the transition fund will be made available to the voluntary sector. It is vital to put money into such organisations and to keep them going. The health, well-being and strength of communities are so important. Removing the seedcorn funding and the basic running cost is damaging, and I hope that the Government will think again about that.

10.6 am

Mr Mark Williams (Ceredigion) (LD): It is a pleasure to serve under your chairmanship this morning, Mr Amess. I pay tribute to the hon. Member for Worsley and Eccles South (Barbara Keeley) for initiating this debate. It is a privilege to follow the hon. Member for Islington North (Jeremy Corbyn) and the four-minute suggested time limit. He did not quite stick to it, but his maths were welcome.

The issue is an urban one, but also a rural one. I represent a large tract of rural west Wales, which has a proud history of volunteering, and I will start with the Welsh perspective. There are 30,000 groups throughout Wales, and 650,000 volunteers. It was estimated that in 2005, 54% of adults in Wales were volunteering in one way or another. Many of those groups—some 10,000—received no public funding whatever and relied on donations,

[Mr Mark Williams]

as they had incomes of up to perhaps £10,000 a year. They ran small projects, with the emphasis on developing volunteers' skills.

A huge number of other schemes in Wales relied on core funding in one manifestation or another, whether from our Assembly Government or through local authorities. I shall cite some examples in my constituency, and their valuable work. Many operated under the guise of a scheme initiated by our National Assembly which is called the Communities First project. It is very relevant in deprived urban communities, and in scattered rural communities. I am not sure whether it is the Liberal Democrats' policy in the forthcoming Assembly elections to retain that project, but they should do so, because it has been a laudable success in my part of Wales.

The village of Ystrad Meurig wanted a mobile phone mast, because it did not have any reception, and it was supported in that by the Communities First project. A scheme to develop a youth club in one of my deprived wards in Aberystwyth was not short of volunteers, but it needed strategic leadership to organise and support them. I suspect that the idea that under the big society, green shoots of initiative will spring up throughout the country is far from the reality. That may happen in many cases—the hon. Member for Islington North spoke about protecting libraries, and we heard about the enthusiasm in Deddington in Oxfordshire. However, many of our communities require a lead and some measured core funding.

The hon. Member for Worsley and Eccles South referred to citizens advice bureaux. I have two excellent bureaux in Aberystwyth and Cardigan, and my wife is a trustee of one of them. Again, there is an abundance of volunteers, but what really worries citizens advice bureaux is the cut in the central training budgets, which affects volunteers' ability to deliver a critical service to my constituents. We have heard about carers. I launched a project with Crossroads Care, an organisation in mid-Wales working to support carers with training, enabling them to take advantage of new flexible working structures and, when given the opportunity, return to the labour market. More than anything, carers require the stability of core funding, and I hope that the Minister will address that issue.

The Liberal Democrats held a much heralded conference in Sheffield a few weeks ago. The party was, in my view, discussing sensible proposals for the national health service, but tucked away in the agenda was a motion on volunteerism. That might seem peripheral, but it is a helpful pointer to show what can be done. I suggest that the Minister look at a couple of points raised in a paper that we debated, which was launched by my noble Friend Baroness Barker. The paper pointed out that we do not always make the most of opportunities available for funding the voluntary sector. In October last year, a report by ResPublica described the system of gift aid as an "antiquated" bureaucracy, and pointed out that digital processing of gift aid could be worth £750 million to charities. The Minister was present at that launch, and he indicated that he would think about the proposal. Is there any news on that?

The report also suggested that charities should make more use of social networking to raise funds. Many charities have done good work using social networking, but many others have not. We suggest a fund to provide a social networking school for charities: in other words—yes—public funds to encourage charities and give them the training and expertise that they need. We cannot hide from the fact that voluntary sector budgets will face cuts as a result of cuts to public spending, but local authorities have shown that the way in which such cuts are managed can have a major impact. I do not want to get into a debate about £16 billion of cuts by this party or £14 billion by that party, and the effect on the voluntary sector. Nevertheless, the hon. Member for Banbury (Tony Baldry) was right to make a point about transparency. People and communities need to see the situation and put pressure on local authorities to drive the agenda as they see fit. That is a wise initiative.

Lilian Greenwood (Nottingham South) (Lab): On local authority funding, we must understand why communities with the greatest deprivation are suffering the highest cuts. Transparency is required on that issue.

Mr Williams: I do not deviate from that message at all. My constituency includes communities with high rates of deprivation, so that is a strong point. As has been stated, however, the role of this debate and of Parliament is to allow hon. Members to challenge the Minister, and the hon. Lady has done so effectively in her intervention.

I would like to hear more from the Minister on the big society bank. I note his written statement, and I agree with what the hon. Member for Islington North said about the limitations of the transition fund, particularly the scale of that fund, which is oversubscribed. It would be a tragedy if some of our voluntary organisations were allowed to wither because of its limitations.

The written statement published this week talks about "developing a proposal", "engaging with the sector", "further development work" and talking to the European Commission about state aid approval. Impatience with this matter has been well articulated by the voluntary sector, and I would appreciate it if the Minister indicated what time scale he is working to. In reality, the big society bank seems to be some way off. There are concerns about the ability to defend charities and the voluntary sector from local authorities. The transition fund is over-subscribed. The stakes are high and there is a mixed message about how the voluntary sector can respond.

There is a great deal of support for the principles behind the big society, if not the term itself. It was noticeable that our Sheffield motion did not contain one reference to the big society, although volunteerism was described as "principled." There will be unanimity across the Chamber on the role that volunteers can—and should—play in our society, working co-operatively with local authorities to deliver meaningful services to people on the ground. There are still huge, immediate concerns about funding, and I hope that the Minister will allay some of those concerns in his response to the debate.

10.15 am

Lilian Greenwood (Nottingham South) (Lab): I thank my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) for securing this debate. I will try to be brief. The Minister and I have already debated

the future of the voluntary sector in Nottingham. As he knows, I believe that the Government are cutting public spending too far and too fast, and I have already mentioned my concern that the cuts are not being distributed fairly. The cuts will have a devastating impact on the city that I represent, and those who will bear the brunt of that impact are the very people least able to withstand it.

A number of hon. Members have expressed concerns about the limitations of the transition fund. Given the time scale involved, that fund will not protect the services that people rely on, the jobs of those working in the voluntary sector, or volunteering opportunities. In the short time available, I would like to focus on that last aspect.

The Government have stated that a key objective of the big society is to encourage and enable people to play a more active role in society. It is therefore incomprehensible and strange to make cuts that undermine the organisations that provide such opportunities. Nottingham has a volunteer centre that supports groups to recruit and retain volunteers, as well as helping volunteers to find suitable placements. In the past year, the centre matched about 2,500 people with volunteering opportunities in the city. In less than two weeks, however, all funding to support volunteering in Nottingham will end. The volunteer centre is particularly affected by the scrapping of the working neighbourhood fund and the national youth volunteering programme, which is called vinvolved. Eight members of staff will lose their jobs.

In Nottingham, over half of the volunteer centre's service users are aged 25 or under; 16% of those supported by the v project last year were classed as NEET—not in education, employment or training. At a time of record youth unemployment, when one in five young people are unable to find work, it is counter-productive and short-sighted to cut that vital link to skills, training and confidence for the most disadvantaged groups. Figures released last week by the House of Commons Library show that over 3,500 young people aged 24 and under in Nottingham constituencies claim jobseeker's allowance. In some areas, 19 young people are chasing every vacancy advertised by Jobcentre Plus.

The Government's decisions do not only affect young people, and 40% of those who come to the volunteer centre are out of work. The loss of the service will reduce the opportunities available for people to retrain and improve their skills and employability, and it will also deprive organisations of volunteers who could help to deliver vital services. On CSV "Make a Difference Day", I helped out at the local Barnardo's shop. I talked to the volunteers, some of whom had become staff, and I heard how important volunteering was, particularly for people who were returning to work after a long period caring for a family, those getting into work, and those with learning difficulties or a disability. Taking away that opportunity removes that stepping stone into work.

Unfortunately, as hon. Members have mentioned, many local community and voluntary sector groups are unsure about the future of their own services. They will also lose the capacity to recruit and train volunteers. For most organisations, fewer paid staff means fewer volunteers, not more. I hope that the Minister appreciates that cutting resources to organisations that provide people with work and life experiences, skills training and support, is not sensible, practical or affordable. Finally, I invite the Minister to visit the volunteer centre in Nottingham so that he can see the outstanding work being done, hear what people have to say, and learn why they are so worried about the future of volunteering in the city, and about the future of the unemployed and vulnerable under this Government.

10.19 am

Chris White (Warwick and Leamington) (Con): I, too, am grateful for the opportunity to speak in the debate. The issue affects a range of communities, including in my own constituency.

We all appreciate that these are difficult economic times and that it is tough to find savings, but the first message that we should be sending out from the debate, and one that I support my right hon. Friend the Prime Minister in articulating, is that local authorities should consider every other available saving before reducing support to our voluntary services. We should be squeezing budgets, sharing services, cutting back-office institutions, generating efficiencies and trying to get maximum value for money in procurement before we even begin to consider reducing funding for voluntary organisations. Warwickshire county council, for example, has cut its youth service budget, yet it has so far made only a 2% reduction in staffing. That is not how it should be. Every local authority should view reducing spending on voluntary organisations as a last resort.

Rebecca Harris (Castle Point) (Con): In my experience, quite a lot of councils have risen to the challenge from my right hon. Friend the Prime Minister. My local borough council in Castle Point has gone so far as to cut members' allowances this year to secure the funding for Crossroads, the Association of Voluntary Services and the citizens advice bureau, because it recognises their importance to the local community. Many councils are doing a very good job in that regard.

Chris White: I thank my hon. Friend for her intervention. It is clear that her council is a very good example of best practice.

Emma Reynolds: Has not the chair of the Local Government Association, who is a Conservative, said that the cuts imposed by central Government on local government go way beyond efficiency savings and will therefore necessarily put local government in the impossible position of having to cut some services?

Chris White: I refer the hon. Lady to the fact that these are difficult economic times, which were not brought about by the coalition, and something needs to be done. At the moment, I do not see the Opposition doing anything at all to begin to address some of these issues.

Voluntary services in a range of areas, from welfare to social care and from youth services to health care, enable the public sector to reduce "failure demand", which is one of the biggest costs to the taxpayer. Because we fail to do the right thing the first time, we end up having to make more expensive interventions further down the line. That is not the right approach to providing services. Local authorities should work with the voluntary sector to use its expertise and understanding of the needs of service users to build better platforms. Although

[Chris White]

voluntary organisations can be a short-term expense, they can also generate significant savings in the long term. If anything, we should seek to shift funding towards voluntary organisations, rather than taking funding away from them.

An excellent report by the Association of Chief Executives of Voluntary Organisations called "Replacing the State?" gave four strong reasons why voluntary organisations are better placed to provide services than traditional in-house bodies. They are local and focus on the needs of their users, rather than on what is best for providers. They have higher levels of co-ordination, as they have a community-wide focus. They command a high level of public trust. They are incredibly innovative and able radically to change the delivery of services for the better.

There is an even plainer economic argument. Voluntary organisations are already saving the public sector more than £20 billion in staffing costs, given the fact that 17.1 million people volunteered in 2010. If we cut the funding on offer to the sector, we will reduce the infrastructure that channels those volunteers, either leaving people without services or leaving the public sector having to hire paid staff. I believe that if we integrate voluntary organisations further into public service delivery, we will not only see long-term costs go down, but we will be able to secure the future of many important groups throughout the country—something that can benefit all our local communities.

10.24 am

Yvonne Fovargue (Makerfield) (Lab): I congratulate my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) on obtaining the debate. In the short time available, I will consider two areas. The first is the cuts to the advice sector throughout the country and the complexity of the funding for that sector. Local authority funding constitutes the building blocks on which a local bureau or a local advice centre works, although such places have a range of other funding. The National Association of Citizens Advice Bureaux has recently published a report to show that, throughout the country, bureaux face on average a 15% cut. There are some notable exceptions, both good and bad, but a simple salami-slicing approach has been taken in a number of cases. Local authorities have not appreciated the cost to them of cutting those services—when the services go, people end up on their doorstep in a worse position.

Jim Shannon: Does the hon. Lady agree that a time of economic austerity, when the demands on citizens advice bureaux are greater than ever before, is a time not to cut funding for CAB and the work that they do, but to encourage them and give them more funding?

Yvonne Fovargue: I thank the hon. Gentleman for his intervention. I completely agree.

Also at risk was the funding for face-to-face debt advice, which has been given a year's reprieve, although there are still arguments about the management costs centrally. It is proposed that social welfare law should go out of the scope of legal aid funding at the very time when we are introducing a new welfare system. Many bureaux have funding from primary care trusts, which are also going. Advice agencies could disappear—97% of law centre funding is under threat. I make this plea to the Minister: will he please look across the board and bring all the Departments together when they consider the funding for advice services? Otherwise, the cuts to each Department will affect that sector particularly badly.

I also want to consider my local services in Makerfield borough. Makerfield and Wigan benefit from 24,900 volunteer hours a week, and 68,835 people benefit from the services provided. Those volunteers need the support of paid staff and, often, the support of the infrastructure organisations. We would not expect any employee to work without the support of management and without a decent regime of health and safety, supervision and career development, so why do we expect volunteers to do that? That is what the cuts mean—the volunteers will not be there without the support of those paid staff.

Central Government are looking at cutting the infrastructure organisations. One particular concern for my local council for voluntary service is the vinvolved funding. Over three years, the vinvolved project in Wigan has dealt with 1,071 youths, most of whom were classified as NEET—not in education, employment or training. There has been a significant reduction in repeat antisocial behaviour orders for that group and an increase in the number of people going into work. Cutting that programme will leave those youths with nowhere to go. They will be back on street corners in the neighbourhoods that have previously complained about them. It is so important to young people that they be brought into volunteering. My local branch of Age Concern has pointed out to me the value of bringing those young people into its organisation and the cross-generational work that that has engendered.

Emma Reynolds: Is it not sheer madness for the Government to cut vinspired when youth unemployment is at record levels?

Yvonne Fovargue: Absolutely. My local CVS managed the future jobs fund in my borough, and youth unemployment among 18 to 24-year-olds was reduced by 56% in 2010 as a result. It halved the number of jobseekers from 900 to 450 in that period. To cut that at this time, when young people are coming out of education and training without a job to look forward to, is sheer folly.

I do not believe that the big society is new—in my borough or in any other borough—but I do believe that, due to the cuts, it is becoming the shrinking society, which is dangerous.

10.28 am

Julie Hilling (Bolton West) (Lab): I congratulate my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) on securing the debate. I want to follow what seemed to me to be her theme—what on earth are the Government playing at? In their wholesale rush to get rid of everything that the Labour Government did, they are destroying structures that would help to deliver the big society. I shall talk specifically, as did my hon. Friend the Member for Makerfield (Yvonne Fovargue), about vinvolved—the national young volunteers service. Its aim was to get 500,000 young people into volunteering.

It developed out of millennium volunteers and was directly funded by the Government. It has eight days left to be saved.

The initiative was funded by the Government and run by v, the independent charity. There were 107 vinvolved teams nationally. Its focus was on creating new volunteering opportunities, including working with community and voluntary organisations, to create more high-quality, diverse volunteer opportunities for young people; supporting local organisations that work with young volunteers; brokering 16 to 25-year-olds into volunteering opportunities; finding the right opportunities for new and existing volunteers; helping young people to set up their own voluntary projects; and championing youth-led action, with each team including a youth action team made up of young volunteers giving advice on what projects and work vinvolved teams should get involved in.

What happened? Young people were matched to opportunities that suited their interests and aspirations, and that were sensitive to their individual circumstances. That was particularly important for young people with multiple barriers to participation—for example, people leaving care, asylum seekers, refugees and people with mental health issues. The vinvolved project particularly targeted young people who would not normally be involved in volunteering and who faced great difficulties in their lives. Such young people were at risk of being socially marginalised. However, apart from the effect on the young people themselves, there is also a real cost to society when young people are no longer part of it and have additional needs, which society must then tackle.

In matching young people with appropriate and fulfilling volunteering opportunities, which in turn acted as a stepping-stone for their progression, vinvolved allowed many young people to find a new, positive direction. The project enhanced employability and provided references for young people who had problems and who may never have completed their secondary education. Those young people may have had nobody in their lives to provide a reference for them, but they got one through their volunteering opportunities. The project also supported those at risk of social exclusion, increasing their confidence, helping to overcome feelings of isolation and loneliness, and improving community relations as young people from different communities came together to work across communities and with people from different backgrounds, including with lesbian, gay, bisexual and transgender young people, and black and minority ethnic young people. I should add that the voluntary work brokered by Manchester vinvolved equates to £232,380—I like the precise figure it has produced—based on salaries at the national minimum wage.

I could speak for a great deal longer about vinvolved, but I am aware of the time. I could also speak for a long time about the wonderful young people who have been involved in the project, whom I had the honour of meeting at an awards event for Greater Manchester a few weeks ago. Those young people have overcome their disabilities and other issues, such as the need to care for relations or the fact that they have come from broken homes or experienced homelessness, and they have gone on to contribute enormously to the society they live in. Without projects such as vinvolved, such young people will not get involved in volunteering, because they need organisations to support them, bring them together and give them the chance to make a difference to their lives and the lives of people in the community.

The vinvolved initiative is the sort of project that the Government need if they are ever to deliver their big society. I agree with my hon. Friends that we already have the big society, but if we want to extend and expand it, we must have projects that support the voluntary sector and that help young people and adults into volunteering. There are only eight days left to save vinvolved, and I really hope that the Minister will act so that we can continue a project that serves the needs of young people and their communities in such a splendid way.

Mr David Amess (in the Chair): I call Catherine McKinnell.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I am here to listen to the debate and to contribute where necessary, Mr Amess, but I have not prepared a speech.

Mr David Amess (in the Chair): I apologise. I am embarrassed, because we have six minutes left before the winding-up speeches. Does anyone else want to contribute?

Catherine McKinnell: I could certainly make a contribution, Mr Amess. You simply took me by surprise.

Mr David Amess (in the Chair): In that case, I call Catherine McKinnell.

10.34 am

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I congratulate my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) on securing this important debate. It has been very instructive to listen to the contributions made from both sides of the Chamber.

People in Newcastle are concerned about the speed with which the local authority cuts have been imposed and about the impact that that has had on the voluntary sector and support for it. Newcastle is one of the cities that has a thriving citizens advice bureau service, and it served more than 26,000 people last year, but it has now received a 20% salami-sliced funding cut, which is one of the worst cuts to services in the country.

The issue remains very much the speed with which the cuts have been imposed on local authorities, as well as their impact on different regions, particularly urban areas, where cuts to funding to combat deprivation have had a disproportionate impact—for example, in cities such as Newcastle upon Tyne.

Guto Bebb (Aberconwy) (Con): Clearly, all Members in the Chamber share the view that the volunteering sector is important, but while listening to Opposition Members' contributions I had the strong feeling that we have created an over-dependence on the public sector for volunteering organisations' funding in the past 10 years. That over-dependence is as much about creating a big state as it is about creating a big society.

[Guto Bebb]

Does the hon. Lady agree that many of the best organisations working with local communities—certainly in constituencies such as mine—are free from Government intervention and Government funding? The point has been strongly made that there are bureaucratic issues in volunteering when organisations depend on Government funding. We need to create a society in which people volunteer, but do not depend on Government funding to do so.

Catherine McKinnell: I do not agree with the hon. Gentleman's assertion. I agree that there are some fantastic voluntary organisations that do not rely on any public funding. They are supported, and have to be supported, across the country, and they are warmly welcomed. However, one of the main issues is that the abilities of those organisations are not necessarily distributed in such as way as to target the most hard-to-reach areas, which require more structured funding to support and assist voluntary activities. That point has been made very clearly by my hon. Friends and, indeed, by Government Members.

Stella Creasy (Walthamstow) (Lab/Co-op): There might be another interpretation of the points raised by the hon. Member for Aberconwy (Guto Bebb), which is that there is a fundamental misunderstanding of the relationship between the voluntary sector and the state, and of the importance of funding in ensuring that the voluntary sector has had the capacity to thrive over the past 13 years. One of the dangers now is that services will be affected when funding is taken away and that the capacity to thrive, as well as the voluntary sector's ability to deliver activities and to be a voice for many people in our communities, will be damaged. Some of the comments that we have heard reflect a misunderstanding of why it is so important to support the voluntary sector if we want volunteering to thrive and if we want to tap into all the benefits it offers our society.

Catherine McKinnell: I thank my hon. Friend for her intervention. That is exactly the point that needs to be made. As my hon. Friend the Member for Worsley and Eccles South said at the beginning of the debate, there is genuine concern that we need to understand how the voluntary sector works, how it is funded and how it is supported. There is huge concern about the Government's pursuit of an economic policy that is reducing the deficit at a rate that is too fast, that is reckless and that will cause long-term damage to our civil society.

I want to put those issues on the record. The voluntary sector in Newcastle continues to thrive, but it sits in sheer trepidation, because most organisations have no security of funding beyond the end of this month.

Barbara Keeley: Before my hon. Friend finishes, does she agree that we could characterise this debate as one in which Government Members have hectored and lectured local authorities about not cutting grants to voluntary organisations in their areas, even though Ministers are cutting the number of their strategic partners from 42 to 14, and cutting their funding, too? Is it not inappropriate for coalition Government Members to lecture local authorities about what they must and must not do, when they themselves are scything away the infrastructure of the voluntary sector?

Catherine McKinnell: Absolutely. The point could not have been put more clearly. I thank my hon. Friend for that intervention and for giving me the opportunity to contribute to this important debate.

10.40 am

Roberta Blackman-Woods (City of Durham) (Lab): May I say how delighted I am to serve under your chairmanship, Mr Amess? I begin by paying tribute to my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) for securing this extremely timely debate. Its timeliness is evidenced by the large number of Members here this morning.

At this time, up and down the country, voluntary and community-based organisations are extremely concerned about their funding situation. Some, sadly, are trying to cope with vastly reduced budgets for next year and uncertainty as to whether they can even continue to operate. My hon. Friend in her amazingly comprehensive contribution, pointed to Labour's proud record of supporting the voluntary sector—in contrast, I think, to the withdrawal of funding we see from the coalition parties. She used the cuts to TimeBank as an example of how that withdrawal will affect volunteering and volunteering support organisations. I want to speak about TimeBank in a minute or two.

My hon. Friend also emphasised the importance of supporting advice services, particularly in today's economic climate. My hon. Friend the Member for Makerfield (Yvonne Fovargue) stressed that issue in what I thought was a very passionate contribution. My hon. Friend the Member for Worsley and Eccles South also reminded us, as she often does, of the need to continue to support carers. My hon. Friend the Member for Islington North (Jeremy Corbyn) hit the nail on the head when he said that this Government simply do not understand the nature of the modern-day voluntary sector and its wide range of activities, or the complexity that exists in the neighbourhoods in which it operates or the complexity of the problems that it must face.

Guto Bebb: On that point, did not the hon. Member for Islington North (Jeremy Corbyn) highlight the complexity of the funding system put in place by the Labour Government?

Roberta Blackman-Woods: Actually, I think the point my hon. Friend made was that the current Government do not understand the nature of the modern-day voluntary sector. That point was emphasised by my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) in her spontaneous but extremely informed—if I may say—contribution. If he will forgive me for saying so, the contribution from the hon. Member for Banbury (Tony Baldry) verified the point made by my hon. Friend the Member for Islington North. Other Members also made useful points, which I will deal with as I go through my speech.

I want to emphasise two things at the outset. First, in government, as in opposition, Labour knew that the deficit had to be reduced, but, crucially, we would not have cut so deeply or so quickly. Evidence seems to suggest that it is the up-front cuts to local government and central Government Departments that are proving so damaging to the voluntary sector. We know that it is some of our poorest areas with the highest levels of

need that are facing the largest cuts. That point was excellently made by my hon. Friend the Member for Nottingham South (Lilian Greenwood), who spoke about the huge impact the cuts to the voluntary sector will have on her constituency.

Secondly, it seems particularly unfair to ask more of the voluntary sector in terms of delivering services and filling gaps in provision, while cutting the resource base of a range of civil society groups. It has led the National Council for Voluntary Organisations to conclude:

> "The scale and speed of the cuts affecting the voluntary and community sector are severe and there is a very real danger that the sector will not be in any fit state to contribute to the 'Big Society' unless further action is taken."

I can see little evidence that the Government are taking that further action.

The Government often raise the transition fund, which was mentioned by Members today, as the mechanism for plugging the gap. However, it is restrictive in coverage and demands significant change from a great many organisations—for example, they must become social enterprises—and a huge number of the 1,700 applications are still being assessed. Other funding that may reach the sector in future, such as that from the big society bank, is unlikely to be made available early enough to prevent some organisations from going under, regardless of how useful they are to their local communities, and we heard examples of that today. My hon. Friend the Member for Bolton West (Julie Hilling) made a passionate speech about vinvolved in her constituency and the need for it to continue to support young people's volunteering. Cuts are being made regardless of how good organisations are at providing services or supporting volunteers.

We have had some indication of what the impact of the cuts will be. The sector receives £12.8 billion from a range of statutory sources, and about 52% of that comes from local authorities. Overwhelmingly, that is in the form of contracts for services delivered, rather than grants. I am not sure that Government Members picked up that point. Although it is difficult to put a precise figure on the totality of the cuts affecting the sector nationally and locally, the available estimates put it at somewhere between £3.2 billion and £5.1 billion. That is a huge sum, and a substantial proportion of the sector's income from statutory sources. At the same time, giving is £700 million less than its pre-recession level, so the gap is not being plugged by another source. The end of transitional relief on gift aid in April 2011 will cost the sector at least £100 million, and the increase in the main rate of VAT to 20% will cost the sector an estimated £150 million per year. This adds up to a range of cuts and cost-saving measures by the Government that are impacting on the sector's ability to deliver.

The Government want to encourage more services to be delivered by employee-owned companies, mutuals, co-operatives and social enterprises. Of course, Opposition Members are not against that as a general policy direction, especially as it is one that we started while in government. We are against the rushed withdrawal of funding from organisations without time for them to develop new sources of funding and without a framework to help them to manage the transition from a charity or partner in service delivery with the local council to a social enterprise or something similar. That transition takes time, support and resources.

There seems to be a particular willingness on the part of Government to cut infrastructure organisations such as TimeBank, Volunteering England, local CVSs and similar agencies. Where organisations directly support volunteers, drastic cuts might be very short-sighted indeed, especially when the previous citizenship survey showed a reduction in the number of people volunteering. We need to have more volunteering support organisations, or at least support the ones we have adequately. TimeBank and Volunteering England do an excellent job at supporting volunteer development, so why dismantle tried and tested methods of effective volunteer support in the vague hope that something might become available in future?

We know from the Charity Commission that voluntary organisations employ approximately 780,000 staff, supported by 2.7 million volunteers who help them to fulfil their aims. It appears that the Government want to rely on volunteers more and more, but they do not always recognise that volunteers need to be trained and encouraged. The cuts agenda may put at risk the key planks of support for volunteers.

My hon. Friend the Member for Worsley and Eccles South told us how Labour has supported the voluntary sector. We understand it and value it, particularly its expertise and flexibility, and its ability to innovate. Before Labour left office, we set out radical plans to boost funding for volunteers and to make asset-transfers to the third sector. We designed the social investment wholesale bank, which was ready for launch, and launched the social impact bond. We also supported the move for more mutuals and co-ops. We would like to see the Government building on that agenda, not dismantling it. We do not want to see the sector devastated by unnecessarily deep and rapid cuts, that at worst will merely provide an opportunity for the further marketisation of our public services.

10.50 am

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): It is a great pleasure, Mr Amess, to serve under your chairmanship. I congratulate the hon. Member for Worsley and Eccles South (Barbara Keeley) on securing the debate and on the way that she spoke. However, special congratulations are in order for the hon. Member for Newcastle upon Tyne North (Catherine McKinnell) on thinking so quickly on her feet, and on representing so sincerely sentiments that I heard directly only a few weeks ago in Newcastle from people concerned about what is going on.

The hon. Member for Worsley and Eccles South spoke passionately about TimeBank, and tried to make some wider points. I know that she has a particular interest in carers, and has done some distinguished work in this place since being elected on that important agenda. The leadership of TimeBank is here, and those people are probably shooting daggers at me; we shall meet soon to discuss the decision, but of course they will not agree with it.

I shall start with the specifics before going on to wider matters. I make no apology for rationalising the Office for Civil Society strategic partner programme. We inherited a situation with more than 40 strategic partners and almost as many civil servants, at a cost of some £12 million a year. I could not see what value the

[Mr Nick Hurd]

taxpayer was getting from that programme, and I received a lot of support from within the sector to rationalise it.

The intention to rationalise was communicated to all strategic partners in July 2010. As a result, all partners were effectively at risk of seeing some reduction in their funding. We announced yesterday that we would be reducing it to nine organisations or partnerships, and I am satisfied with the mix. The simple fact is that no organisation has the right to be a strategic partner of the Government. The right has to be earned, and the process must be run robustly and professionally by civil servants, I received a recommendation about those nine organisations, but unfortunately TimeBank was not included. I do not expect it to like that decision, but it was a robust process which I think was run properly.

Barbara Keeley *rose—*

Mr Hurd: May I finish my point about figures, because it is perhaps the most important? Does it mean that TimeBank and other organisations that are working hard to manage and structure volunteering opportunities and inspiring people to volunteer will have no further opportunity to access taxpayers' money? Of course not. I refer the hon. Lady and all with an interest in the subject to the recently published Giving Green Paper, which will lead to a White Paper. In it, we made it clear that we will be investing in a volunteering infrastructure programme with voluntary match funding, which will be worth about £40 million over this Parliament. There will be opportunities for TimeBank and other organisations to add value to those programmes.

Barbara Keeley: As the Minister is touching on his reasons for cutting away at the infrastructure of an organisation that supports volunteering for hospices, for the Olympics and for carers, I invite him to explain exactly why—beyond a departmental goal to rationalise the number of strategic partners—the Government are cutting away at a vital organisation? The same question could be asked about others. TimeBank is crucial to supporting volunteering, and has an excellent 10-year track record. Indeed, he sent it a message when it achieved its 10-year anniversary. Why is he doing this?

Mr Hurd: I tried to explain why earlier. We ran a process to identify a shorter list of strategic partners, with criteria; TimeBank and other organisations on a longer list did not make it through that process. As I said, no organisation has the right to be a strategic partner of the Government, but I do not expect them to be comfortable with that.

I have to tell the hon. Lady that her approach is symptomatic of the previous Government's approach to public money. There was absolutely no rigour in the strategic partner programme that we inherited; we are trying to introduce it for the first time. The hon. Lady speaks about our cutting funding, but she completely ignores the fact that there will be further opportunities, in what are frankly more appropriate programmes, for organisations such as TimeBank to access taxpayers' money and continue their work.

Barbara Keeley *rose—*

Mr Hurd: I wish to make progress.

The wider context is extremely important. It is not just about TimeBank, or the other organisations mentioned by the hon. Members for Bolton West (Julie Hilling), for Makerfield (Yvonne Fovargue), for Nottingham South (Lilian Greenwood) and for Wolverhampton North East (Emma Reynolds). There is considerable concern in communities across the country about the impact of the cuts.

It would have been nice to have heard more recognition from the Opposition about the economic context, but that fell to my hon. Friends the Members for Banbury (Tony Baldry) and for Warwick and Leamington (Chris White). The fact is that we are spending £120 million a day in interest, and that is entirely unsustainable. A sector that receives £13 billion of taxpayers' money cannot be immune from the process.

The public hate to see politicians playing the blame game, and I understand that, but nor should we take them for fools. I believe that they understand the basics—that the Labour Government left this country massively over-borrowed and that the coalition Government were elected to sort it out. That means that tough choices have to be made by councils. As my hon. Friends the Members for Warwick and Leamington and for Castle Point (Rebecca Harris) said, some have decided to give priority to cutting internal costs and making efficiencies before making cuts in the voluntary and community sectors. Others have taken a different course for very different reasons.

No one pretends that it is an easy business—it is not—but the Government want to put in place active programmes to help the voluntary and community sector manage the transition. We understand the need for such a transition—from a situation in which too many organisations depend on state income to one in which the sector will have to diversify its sources of income in new ways.

We want to help manage the transition because we see big opportunities for the voluntary and community sector to do more to deliver more public services, and to have a bigger voice at the local level, exactly the point made by my hon. Friend the Member for Banbury. In future, there will be many more arguments about local priorities, and the voluntary and community sector can give a voice to people who often struggle to have their voices heard. The localism agenda will give them a big opportunity. We are obviously very ambitious in our wish to encourage people to give more time and money to help others.

Jeremy Corbyn *rose—*

Mr Hurd: I do not have time to give way.

People will go to charities and the voluntary sector. There are significant medium and long-term opportunities for the sector, but we have to help manage the short-term transition.

That brings me to the transition fund and the specific questions raised by the hon. Member for Islington North (Jeremy Corbyn). Most of the answers are contained in the basic statement. The fund had to be rationed. It had to be targeted on those organisations most vulnerable to a cut in public grant or contract. We took advice from the sector on the criteria. We had to set an income threshold.

We are proud of the progress that BIG fund has managed for us. I visited an organisation yesterday that has benefited from it. The charities' fund is £100 million, and it was topped up yesterday by £7 million from the Department of Health. That is serious money, and it will help organisations that are particularly vulnerable, or that have more than 60% of income vulnerability to the state, to make the transition.

The hon. Member for Ceredigion (Mr Williams) asked about the big society bank. It is not a panacea for cuts in grant. It is a serious strategic long-term intervention, designed to make it easier for the sector to access capital. I expect between £60 million and £100 million from dormant bank accounts to be released in the third quarter and be made available for deployment. I expect £200 million to come from the four major banks before the end of the year. The balance of the bank's capitalisation will come from the rest of the dormant bank accounts, once they have passed through the state aid process, but it is difficult to pin that down at the moment.

We are talking about a £600 million opportunity—a serious attempt to make it easier for social entrepreneurs to access capital in this country. It is part of our programme to help the voluntary and community sector play a full role; it will help to build a stronger society, which we want to encourage, and a better partnership between the state, business, the voluntary and community sector, and active citizens who feel empowered to take more control over their lives.

Steel Industry (Carbon Floor Pricing)

11 am

Jessica Morden (Newport East) (Lab): Thank you, Mr Amess, for the opportunity to take part in the debate today. I am so grateful for the attendance of Members with an interest in steel, which shows the strength of feeling on the issue.

I put in for the debate after one of my regular visits to Llanwern steelworks in my constituency. There has been a steelworks plant at Llanwern since 1962. Although steel making ceased in 2001, Tata at Llanwern is still a major employer with a hot strip mill and a galvanising line run by an extremely enthusiastic work force who make a high-quality product for the automotive industry, among others.

The industry has had ups and downs over the years, with the loss of the heavy end and heavy job losses in 2001, but the dedicated work force produce a high-quality product. Tata's investment down the road in Port Talbot, to which Llanwern is inextricably linked, means that at the moment things are looking good and employment is back up to around 700. This is a good-news story, but the threat to the steel industry from Government legislation is making the industry wary, and I want to explore that today.

I am also glad to be introducing the debate because on two occasions in the past week the issue of carbon floor pricing has been raised: in the Welsh Grand Committee by my hon. Friend the Member for Llanelli (Nia Griffith), and in the all-party group on energy-intensive industries. Startlingly, there was no Government response in either forum to address the industry's concerns. I hope that today's short debate will give the Minister the chance to hear the very real concerns and address them in person so that the industry knows where it stands.

Although "steel" appears in the glamorous title of the debate, the issues apply equally to other intensive energy users such as the paper, glass and ceramics industries, which employ about 225,000 workers in the UK. The issue that concerns the industry is the carbon floor price, which might be introduced in today's Budget, although the Minister will know more about that than I do.

The Conservative manifesto pledged to reform the climate change levy to introduce a carbon floor price or a stability mechanism so that the total cost of carbon for generators could be more certain. A policy seems to have developed in practice that increases the cost of carbon for UK electricity generators, yet is seen as another tax on the fuel used by generators. The Government's stated aim for the carbon floor price is to boost investment in low-carbon energy, especially in nuclear power, by putting a minimum price on carbon through taxing fuels used for generating electricity according to carbon intensity. That pushes up the cost of producing electricity from high-carbon fuels such as coal, making renewable and low-carbon means of electricity generation relatively cheaper. UK energy-intensive producers will therefore face huge cost increases that will not be borne by other competitors elsewhere in Europe or the rest of the world.

The UK steel industry's submission to the consultation makes it clear that the carbon floor price is the wrong policy for three reasons. First, multiple regulations are

[Jessica Morden]

trying to fix individual problems in lots of different ways. Carbon is already priced through the European Union emissions trading scheme, the climate change levy and the carbon reduction commitment, alongside the renewable subsidies. Secondly, it runs the very real risk of having a negative impact on the competitiveness of UK manufacturers—a disincentive to invest in the UK. Finally, the industry claims it is questionable whether the policy will deliver the desired outcome at all.

Ian Swales (Redcar) (LD): I thank the hon. Lady for giving way and for securing this important debate. Does she agree that many of the industries we are talking about are owned by foreign companies, which can choose where to invest, so if the UK adopts policies different from those of the rest of the world, that will simply drive those industries out of this country?

Jessica Morden: I thank the hon. Gentleman for his well-made point, which covers the precise subject of the debate. I shall return to it.

We all know we have to reduce our carbon footprint, but industries such as steel use large amounts of power out of necessity and have no other realistic option at the moment. In the steel industry in my constituency, I see an industry that supports plans to make the transition to a low-carbon economy and is actively trying to be involved in being part of the solution to reduce CO_2 emissions. For Tata, that might involve developing products and improving processes such as the £60 million basic oxygen steelmaking—BOS—gas recovery investment it has made at its Port Talbot plant, which will have great benefits for us at Llanwern, or products such as the photovoltaic project being developed in Shotton.

It is worth remembering that to build low-carbon energy sources, improve energy efficiency and drive advancements in low-carbon construction, steel will be in high demand. Steel is a high-carbon industry in its production, but an essential product for the low-carbon economy.

Mr Denis MacShane (Rotherham) (Lab): Has my hon. Friend seen scrap metal being recycled in an electric arc furnace? An element powered up to 2,000° of heat plunges into it and recycles instantly, but that requires a huge amount of electricity and energy. I understand where the Government are coming from, but unless they find a solution to the problem, their proposals might have the perverse effect of making that unprofitable, and their welcome focus on manufactures and exports—there is a demand—might come to nought. For the first time in 17 years as MP for Rotherham I am desperately worried about the future of electric arc furnace steel manufacture in our country. We must find a tweak and a solution to the problem, so I welcome my hon. Friend securing the debate.

Jessica Morden: I welcome my right hon. Friend's intervention. Steel making is an incredibly beautiful process. His point is that we must ensure balance and that the new tax does not drive heavy industry out of this country.

Steel is a high-carbon industry in its production, but an essential product for a low-carbon economy. Surely we all want the UK's low-carbon economy to be built with steel produced in the UK, not imported from China, Russia, Ukraine and other steel-producing countries that do not face the same regulatory restraints.

The industry would say that there is consensus for some regulation in this area, but that current policies are complex and over-burdensome. As I have said, if carbon floor pricing goes ahead, there will be four prices on carbon—the carbon floor price, the climate change levy, the carbon reduction commitment emissions trading scheme, and the renewable subsidies—but no consistent way of measuring carbon as between those. The industry argues that if the Government are to price carbon, they must make it simpler for everybody involved.

The major issue, to which the hon. Member for Redcar (Ian Swales) alluded, is competitiveness. The debate takes place in the context of escalating costs for UK steel producers from existing UK and EU climate policies that are eroding their international competitiveness. Nobody else in Europe or the world will face those costs, which is a threat to UK steel. The Government are asking the private sector, especially manufacturing, to create jobs, but that will not happen if we impose certain conditions and have carbon leakage. Manufacturers will choose to go to parts of the world where they can get away with less stringent conditions. They will be able to produce steel with the same amount of emissions and we will have lost the industry. Where is the sense in that? That applies not only to some developing countries, but, most worryingly, to Europe. No other EU Government are making similar proposals, and many have taken steps to reduce the impact on trade-exposed industries precisely to avoid the problem.

The figures are quite stark. Tata Steel estimates that by 2020 the cost of carbon floor pricing will add at least an extra £20 million per year to its energy bill. I also draw the Minister's attention to the Waters Wye report, which documents the cumulative impact of all climate change policies on heavy energy users.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): My hon. Friend has secured a very important debate and she is making an excellent argument for the steel industry. Is she aware that we now have a 14-month high in the inflation rate, with the retail prices index running at 5.5%? That is pushing sterling to a much higher rate than previously. Coupled with current commodity prices, particularly for coke and iron ore, there is already a strain on the industry.

Jessica Morden: My hon. Friend makes a valid point, which I am sure the Minister will address. My hon. Friend is, of course, quite an expert in this field.

Tata's submission to the consultation on carbon floor pricing also questions the effectiveness of the measure, claiming that it will have only a limited impact on reducing carbon emissions, even though its cost is real and direct. Tata's submission suggests better ways to achieve lower emissions, which I will not go into now, but I draw the Minister's attention to the submission and ask that further consultation with the industry be pursued.

I also ask the Minister to address several other points. It would be helpful if he outlined how the Department for Business, Innovation and Skills has worked with the Treasury and the Department of Energy and Climate Change to limit the impact on intensive energy users of

the proposals for carbon floor pricing and of the wider electricity market reform. Does he accept that the Government's proposals will have a serious impact on the competitiveness of key industries? If so, does he understand how such an impact will directly conflict with the Government's policies on private sector growth and an export-led recovery?

How do the Government intend to ensure that these measures do not impact on the competitiveness of UK manufacturers? Given that there was only a very short time for consultation—I believe it was about six to eight weeks over Christmas—will the Government at least commit to carrying out a comprehensive assessment of the impact on energy-intensive industries of their proposals for electricity market reform and a carbon floor price? Many organisations raised fears about the proposals during the consultation, including the Engineering Employers Federation, the CBI, the TUC and the Energy Intensive Users Group. Has the Minister taken their views on board and are the Government listening?

Finally, in fairness to the steel industry, I must say that I believe that it is continuously looking for ways to improve its CO_2 performance through improvements to processes, products and investment, particularly in research and development. The UK steel industry wants to be part of the solution to climate change, but it needs the Government to understand that it must compete on a level playing field around the world to do so. Otherwise, we will face a situation where companies could make long-term investment decisions based on the Government's policies and take their investment plans abroad. As an MP with a steel interest, I certainly do not want that to happen, so let us make our steel industry part of the solution to climate change. I look forward to the Minister's response.

11.12 am

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): Thank you very much, Mr Amess, for calling me to speak. It is good to see you in the Chair.

I want to begin by congratulating the hon. Gentleman—sorry, the hon. Member for Newport East (Jessica Morden). There is obviously a little too much gin in the water in Westminster Hall. I congratulate the hon. Lady not only on securing the debate but on her incisive comments about the balance that we all have to strike between the environmental and business challenges. I will respond specifically to the points that she has made.

It is slightly unfortunate that today is the day of the Budget because, as right hon. and hon. Members will understand, that somewhat hampers my ability to be more specific about measures such as the carbon floor price. The Chancellor will be on his feet imminently and I am sure that he will set out some things in that regard in more detail. The hon. Lady not only has an interest in the steel industry in her own constituency but she is chair of the all-party group on the steel and metal related industry. That combination of interests was very evident in her speech and indeed in her responses to questions from Members, all of whom have a strong constituency interest in this important industry. The right hon. Member for Rotherham (Mr MacShane) is absolutely right that this is a very important industry. It is dramatic, in the way that he rightly described, but it is also fundamentally important to many other industries, particularly in manufacturing. Later today, the Chancellor will set out our framework for growth for manufacturing, which I hope Members will welcome. That framework reflects some of the long-term issues that the steel industry and similar industries face.

Huw Irranca-Davies (Ogmore) (Lab): I should point out that I am speaking today in my capacity as the MP for Ogmore and not in my capacity as a shadow Energy Minister.

I am not asking the Minister to reveal the details of what is in the Budget. However, he just used the word "framework". That is quite interesting, because the Energy Intensive Users Group and others have been calling for us not to pin this down, right here, right now, in the Budget, but to allow scope for further discussion. Is that what the Minister meant when he used the term "framework"?

Mr Prisk: Yes. The manufacturing framework covers issues that are broader than the issue that we are discussing in this debate. It is about all the issues of capital investment, skills and so on. However, the hon. Gentleman is quite right. What we have tried to do with the growth reviews for manufacturing as a whole—I am just going slightly beyond the purview of this debate, Mr Amess, but not too far—is to ensure that we have listened carefully to manufacturers about all the different aspects of manufacturing, so that we understand how the proposal will work. The hon. Gentleman is quite right that the framework needs to be one in which the Government are a partner with industry, so that it is not simply something that we have decided is the right thing without listening to others. That will be reflected particularly in our response to energy-intensive users.

Ian Swales: Will the Minister give way?

Mr Prisk: I will do so briefly, but there are some detailed responses to be made to the points raised in the debate.

Ian Swales: I will be very quick. Is the Minister aware that this very week we have had the first full meeting of the new all-party group on energy-intensive industries? I am the vice-chair of that group and I have never been to an all-party group with a higher attendance. Every single industry that has been mentioned in this debate was represented at senior level, which illustrates the level of concern about the issue. It also supports what the hon. Member for Ogmore (Huw Irranca-Davies) was saying, that we need time to engage with the Government to ensure that they truly understand these issues.

Mr Prisk: I welcome that. It is very important that we have a good and thorough debate, and that Members across the House can participate in it. That is very welcome news.

The industry is crucial. We have talked about it in principle, but when one looks at the facts, last year, some 9.7 million tonnes of crude steel were produced in the UK and the industry employs 25,000 people directly. Encouragingly—and this goes back to the point that the right hon. Member for Rotherham made—about half of the UK steel industry's output is now exported

[Mr Prisk]

and we are now a net exporter. That is not necessarily something that one reads in the newspapers, but it is a success story, and in that context I commend both the previous Administration and the industry itself. That is quite something.

In Wales—this is particularly relevant to the hon. Member for Newport East—I believe that about 7,000 people are employed in the steel industry, with 4,000 employed at Port Talbot and 1,000 at the Llanwern rolling mills, so that is an important part of the sector. What is encouraging is that despite the fact that in 2008, the industry saw demand for its products drop by 50%, which would be devastating for any industry, it has been able, through good management of production, good co-operation and a flexible and committed work force, to ensure that there were not any major long-term job losses in those plants, which have been able to come back into production. Of course, there were some job losses, but in any industry if demand and production drop by half, that is potentially a killer. Thankfully, that did not happen.

I turn to the specific issue of the carbon floor price, before addressing the energy-intensive industries strategy and thus responding to the question about what my Department is doing to mitigate the impact. We have just consulted on the issue across Government, although the consultation was of course led by the Department for Energy and Climate Change. To respond to a question from the hon. Member for Newport East, we consciously made a specific point of talking to the key industries involved, including the Engineering Employers Federation, which she mentioned, so that we have a careful understanding of the practicalities of the measure for all energy users and for particular industries.

Mr MacShane: I will be brief. I regard the Department for Business, Innovation and Skills as an ally in this process while, as we know, the real enemy is across the road in the Treasury. Then there is DECC, with its open-toed sandals, greenery and all that nonsense.

The Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker) told me on the Floor of the House before Christmas that he would accept an invitation to meet a delegation, but nothing happened. I then asked him about it face to face in the Lobby, and he said, "Oh, I'm terribly sorry, Denis, we'll try and sort this out", but nothing happened. Does the Minister accept that there has not been enough consultation, especially with hon. Members, the workers and trade union employees? As this process unfolds—I think that we will be discussing this for some time; it will not be fixed for ever, either today or tomorrow—will he agree to receive a bit more input from right hon. and hon. Members, the trade unions and the work force?

Mr Prisk: My hon. Friend the Energy Minister is a very busy man, and I suspect that it will be through no fault of his own if he has not yet been able to fulfil that obligation. However, the door is not closed in this area. There is work to be done. My view, and I am sure that it is the view of my hon. Friend, too, is that we would always encourage involvement in this process. If there is an opportunity to do that at the right moment, yes, we will do so.

Let me come back to where we are on the carbon price floor, then look at the strategy as a whole and at how we mitigate some of the impacts. The aim is to encourage investment in low-carbon electricity generation, by giving greater support, yes, and also by providing certainty on the price of carbon in the power sector. Getting that right is important for the whole of manufacturing but, as Members have rightly pointed out, we must strike a balance between the environmental gain and improvements in energy efficiency, which could help all manufacturing, and doing so in a way that does not pinch key energy-intensive sectors unreasonably. Members will understand that as the price is going to be set in the Budget later today, and as I would like to continue to be a Minister of State for a little while yet, it would be unwise to pre-empt what the Chancellor will say, in what I know will be an excellent Budget.

Let me turn to the question that the hon. Member for Newport East rightly asked about what my Department is doing in conjunction with others to consider how to mitigate the impact. We are working with the Department of Energy and Climate Change on a comprehensive strategy on energy-intensive industries, including steel. The strategy is deliberately intended to look at energy costs, and to assess the incremental changes that industries have made—I will come on to some that have very successfully been achieved in Wales—and possibly the longer-term transformational changes that might help the industry to deal with the bigger, long-term issues.

Huw Irranca-Davies: The Minister has said that a line in the Budget will set the carbon floor price, but before he moves away from the issue I would like to ask him whether he is alive to the concerns raised by my hon. Friend the Member for Newport East (Jessica Morden) about the complexity of different measures. The carbon floor price sits alongside the ongoing electricity market review and other measures that are already in place. Is the hon. Gentleman, as a Minister in the Department for Business, Innovation and Skills, focused on streamlining, and on removing complexity to achieve the overall outcome? Is he having those discussions with his colleagues in the Department of Energy and Climate Change to see what is the simplest, most direct and most effective way of achieving the decarbonisation objectives, and boosting renewables and potentially the nuclear industry—despite what is going on in that field at the moment—while at the same time stripping out layers of complexity and bureaucracy?

Mr Prisk: Absolutely. The hon. Gentleman is right. There are two challenges for the Government in this context: dealing with the low-carbon energy issue and ensuring that the lights do not go off in a few years' time. Those two challenges do not necessarily run in the same direction, and if there is any conflict or tension we need to ensure that we get the balance right. As the hon. Gentleman rightly says, as a Minister in the Department for Business, Innovation and Skills, I want to ensure that we do not lose our competitive edge. The export roles that the right hon. Member for Rotherham referred to are very important. We must ensure that we remain competitive and continue to be a net exporter, and I would like to encourage that.

Let me come back to the strategy and explain to Members what is in it, how it works, and how we are involving the industry. The strategy is designed to deal with a number of key objectives. First, it will assess the

potential for cutting greenhouse gas emissions, not just in steel but across the industries, and look at the interplay between the sectors. There are a number of subsectors, and if we are not careful we will lose the capability of the larger sector because we have not taken care of the smaller ones. That is sensitive issue of which we are very much aware, and there is a thorough technological review of the sectors and their processes, because that, I suspect, will be where the transformational change can best be achieved in the longer term. There have nevertheless been some very good short-term changes, which I will mention in a moment.

Secondly, what we are trying to do with the strategy is build on existing research and both public and industry initiatives, to look at how reducing emissions can be progressed further. In many ways, it is about extolling and developing best practice. Thirdly, the review looks at a whole range of ways of decarbonising energy-intensive sectors. We are examining improvements to existing processes, as well as looking at substitutes and alternatives. That is partly to do with materials, as well as with processes. Fourthly, the strategy is embedded in a collaborative process with industry, the regulators and the various experts engaged in the field, such as institutions dealing with materials, and we seek to provide evidence to make the case for the EU to move towards a 30% EU emissions reduction target, to which we committed ourselves in the coalition agreement. That is an important shift, and it comes back to competitiveness.

Lastly, we are looking to introduce, promptly but not unduly hastily, a range of policy options on which we can work with the industry so that it can make the transition, while—from my point of view—always looking at competitiveness. That is a difficult balancing act, and I suspect that we will not achieve it perfectly because of the inherent tensions and the nature of the industry, and of the steel sector in particular. We are looking at the sector leaders and the supply chain, and at engaging with them through the strategy, to ensure that it can work. Although there are natural anxieties there is some really good practice, and I want to highlight a couple of examples that I suspect the hon. Members for Newport East and for Ogmore will know, given that they are Welsh Members.

Last spring, Tata Steel in Europe completed a £60 million investment to recycle process gases from the Port Talbot melt shop. The new facility reduces Port Talbot's carbon dioxide emissions by 240,000 tonnes a year, its particulate emissions by 40 tonnes a year and, most interestingly, cuts its energy requirement from the grid by half. As the right hon. Member for Rotherham rightly says, this is a genuinely energy-intensive industry. It is also an industry in which we need to be able to control the energy in key bursts, and therefore the ability to reduce the energy requirement from the grid by half is tremendously encouraging.

A further £185 million investment at Port Talbot was announced last August, and the project, which is due to finish in July, will involve the rebuilding of blast furnace No. 4 and will increase liquid steel capacity at the plant by 400,000 tonnes, while improving environmental performance and safety. If production can be increased and performance improved, let us see how we can roll that out and work with the rest of the industry on that best practice.

Tom Blenkinsop: I think that that is a good argument, but if the Minister or the Government are going to propose new taxation on carbon, one option might be to recycle some of those funds into industrial programmes that would help the steel industry across the board and across the nation to do similar projects.

Mr Prisk: We are always mindful of the need to consider whether we can help the industry, particularly where there are up-front capital projects that need to be bridged, and I am always in discussions with the sector. I cannot make open tax promises at this stage as that is not my job; it is the job of the Chancellor, and rightly so. I am nevertheless always happy to talk to the industry on that basis.

The strategy, together with the carbon price floor and the fact that the strategy is founded on a consultative approach, means that we can, I think, work with the industry. As the right hon. Member for Rotherham rightly says, the Treasury, the Department of Energy and Climate Change and the Department for Business, Innovation and Skills all need to be involved, and that is the approach that we seek to take. If we had only a single Department approaching the issue from one perspective, we would be in danger of not looking at it in the round.

Jessica Morden: As part of that, has the Minister done a full impact assessment of the effect of carbon floor pricing on intensive energy users? If not, will he make a commitment to doing so?

Mr Prisk: The lead on this is not my Department; the proposal comes from the Department of Energy and Climate Change, which has been looking specifically at the impact of the price across sectors. I deal with deregulation, and impact assessment has many other, often challenging, implications. We have been looking at how it impacts on the sector, what it means and, most of all, what the practical outcomes are that the industry can use to progress. That is the key point.

In conclusion, we believe that energy efficiency and business competitiveness go hand in hand. We are trying to ensure that the challenge for the environment does not become something that is done at the expense of the economy, and we are very sensitive to the fact that particular industries, whether it is steel or—as I saw for myself recently—brick making, understand the practicalities of changing processes, changing materials and the regulatory environment, and how the carbon price floor will work, so that we can help businesses move through this period and successfully decarbonise themselves and compete at the same time.

11.30 am

Sitting suspended.

Pig Farming

[HUGH BAYLEY *in the Chair*]

2.30 pm

Mr Richard Bacon (South Norfolk) (Con): It is a great pleasure to serve under your chairmanship, Mr Bayley. I am delighted to have secured this debate, as we have reached a critical juncture in the British pig industry. I am also particularly pleased to see the Minister in his place, as I know that he is a friend and ally of Britain's pig farmers and has taken a lot of trouble to understand the problems faced by the industry.

We should not underestimate the size of the industry. The value of pork retail sales in the UK is about £8.7 billion, outpacing chicken, beef or lamb. This is an important industry, but I am sorry to say that it is in trouble. Just three weeks ago, pig farmers from our constituencies and across the country flocked to Westminster to draw the Government's attention to the plight of their industry. Many MPs will have signed the 16-foot sausage in Whitehall and heard the rousing rendition of the industry anthem "Stand By Your Ham", all in support of the cry, "Pigs are still worth it!"

I say "still worth it" because the Minister and other colleagues with long memories may recall attending the 2008 "Pigs are worth it" rally. Like this month's rally, the 2008 gathering was a response to a sharp increase in feed costs that left the industry on the brink of collapse. After the 2008 rally, led by the much-missed standard-bearer of the "Pigs are worth it" campaign, Winnie the pig, the industry returned to profit in 2009. That breathing space allowed farmers to recoup some of their losses and take the opportunity to invest in improvements to production and infrastructure.

Despite fluctuations in profit margins, the outlook remained positive, at least for a few months, until last August, when the industry was driven into crisis once more. The fleeting period of profitability was not long or profitable enough for pig farmers to recoup the severe losses that they sustained in 2007-08.

Mr Greg Knight (East Yorkshire) (Con): I am grateful to my hon. Friend for giving way, and I congratulate him on securing the debate. Does he agree that one problem has been our loose labelling law? Many consumers wanting to support the British pig farmer by buying British pork have not always known when they were doing so, because it is possible to package pork reared overseas as British if it is merely processed here.

Mr Bacon: My right hon. Friend is correct. He might have seen my Food Labelling Regulations (Amendment) Bill, which is scheduled for Second Reading on 1 April. Should the Government wish to take this opportunity to announce that they will give it Government time, I would be only too pleased to hand it over to officials to be steered through the House. Yesterday, I was encouraged by a phone call from the Department for Environment, Food and Rural Affairs asking to see a copy. It is important to say that there has been some improvement in labelling in the pork sector, but I still believe and have always maintained that the only viable long-term answer is a mandatory regime. We already have mandatory regimes for many other foodstuffs; we should have one for pork and pork products as well.

The inexorable slide into loss-making as rising feed prices have affected the industry has begun to cripple pig farmers in this country once again. The price that pig farmers pay for feed has more than doubled since 2010. Feed costs are rising faster than during the crisis of 2008, and I am afraid that the omens for the future are not good. BPEX—the British Pig Executive, which is the industry body—estimates that feed, which is generally made up of a combination of wheat, barley and soya, remains the single largest cost for British pig producers and accounts for 77% of pig farmers' costs, up from 60% in 2009. BPEX expects food costs to remain historically high this year, and possibly beyond.

That gloomy forecast is being borne out by recent movements on the international cereals market. The Food and Agriculture Organisation of the United Nations expects a tightening of the global cereal supply this year, driven by growing demand after the slump in world cereal production in 2010. According to the FAO, export prices of major grains have risen at least 70% since February last year, and global cereal stocks are expected to fall sharply due to a decline in supplies of wheat and coarse grains. Market uncertainty after the Japanese earthquake caused prices to fall from £214 a tonne in February to £170 a tonne last week, but as of last Friday, wheat prices had climbed back to £195 a tonne. As one might imagine, recent increases in the price of pig feed have had a severe impact on the cost of pig production, which has risen to £1.64 a kilogram.

However, although production costs continue to rise, the dead-weight average pig price—the price farmers receive for the pigs they produce—has fallen during the same period. In February, the DAPP stood at £1.35 a kilogram, 29p short of covering pig farmers' costs and 12p a kilogram below the July 2010 price of £1.47 a kilogram.

Britain's pig farmers started 2010 in a state of cautious optimism, their hope to rebuild based on the reasonably steady costs that they faced and their improved returns in 2009, but by September 2010 the industry had returned to making a loss, and by January 2011 the cost of production had risen by one third compared with 2007. According to BPEX, a farmer sending 200 pigs to slaughter in January this year stood to lose £4,500 in a single week. The pig industry is facing overall losses of £4 million a week, and farmers are estimated to be losing more than £21 on every pig produced.

Although the rising price of feed is undoubtedly a major factor in the pain being suffered by British pig farmers, it is far from being the only factor. The pressure on Britain's pig industry caused by rising feed prices is being amplified by what can only be described as the decoupling of the supply chain. For a supply chain to work properly, manufacturers, processors and retailers must work collaboratively to bring down its costs effectively and sustainably. However, it is clear that the pressure of high feed costs is not being shared across the pigmeat supply chain. If anything, the reverse is the case. Feed manufacturers have passed on the rise in the cost of cereals to their customers—that is, pig farmers—but the costs of rising prices have stopped with farmers and are not being passed up the supply chain to producers and retailers.

The disconnect in the pigmeat supply chain can best be illustrated by the relative performance of its constituent parts in the 12 weeks up to the end of January 2011. In

that period, British pig farmers suffered losses estimated at £35 million, which equates roughly to £416,000 every calendar day. However, over the same 12-week period, the processing sector made an estimated profit of £100 million, or just over £1 million a day. Retailers, including Britain's supermarkets, which set much store by their support for British farmers, enjoyed combined profits of £192 million from pork and pork product sales, equivalent to daily profits of £2.3 million.

Andrew George (St Ives) (LD): On the point about retailers, particularly supermarkets, the hon. Gentleman well knows that we hope the Government will shortly introduce the proposed supermarket adjudicator Bill. Although that cannot and should not be a price-sensitive or price-setting mechanism, it will address the issue of fair dealing. Does he agree that the sooner we pass such a Bill, the sooner we can help not just pig farmers, but many other farmers and suppliers to supermarkets?

Mr Bacon: I agree. We all use supermarkets because in many ways they are efficient, but we love to hate them because they are very powerful. We are not discussing perfect competition. People sometimes speak of supermarkets as though they were speaking of the market for foreign exchange, but this is an oligopolistic arrangement. Supermarkets have large amounts of power that they do not always use in the right way, and sometimes they misuse that power. I welcome the Government's proposals for an adjudicator.

Mr Keith Simpson (Broadland) (Con): I congratulate my hon. Friend and neighbour on introducing the debate. If he will pardon the pun, this is like "Groundhog Day" for other hon. Members and for me, as we have been debating the pig industry for at least 10 years. Although I do not want to turn supermarkets into devils, it seems to me that they stand condemned in two ways. The first relates to driving down costs and forcing down farmers' profits, and the second is the labelling itself. They are better now than they ever have been, but all too often, as my right hon. Friend the Member for East Yorkshire (Mr Knight) pointed out, they put the Union flag on something and it is only when one reads the small print that one realises that it is imported bacon or ham.

Mr Bacon: My hon. Friend is right. There have been some egregious examples involving some of the best known and highly admired supermarkets. Marks & Spencer, for example, was guilty of such practices, but I think that there are fewer of them now. The use of Union, English and Scottish—I was in Scotland for Christmas—flags in supermarket aisles is better and more appropriate, but we are not there yet and he is right that there is still work to do. Some supermarkets are leading the way on doing what I think would be the right thing, both for themselves in the long term and for the industry. I shall mention Morrisons in particular in a moment.

There is no doubt that supermarkets in general seem to be using their part of the supply chain to insulate themselves against the increasing costs of the production of pork and other pigmeat product, such as bacon, ham and sausages.

Elizabeth Truss (South West Norfolk) (Con): Is it not a shame that we import 50% of all pig products? Given that the Chancellor has just given a Budget for growth, would it not be a good idea to try to become a net exporter of pork products, particularly from Norfolk, which is where my constituency, as well as that of my hon. Friend, lies? There does not seem to be a level playing field on welfare internationally to enable us to increase our exports and decrease our imports.

Mr Bacon: My hon. Friend is absolutely right—there is not a level playing field. BPEX has done a lot of work on the issue and estimates that 70% of the pork imported to this country is produced under animal welfare standards that would be illegal here. In other words, 30% of what comes in meets our standards, and 70% does not.

Price promotions in supermarkets are a particular problem. Tesco ran a price promotion in January in what are called the gondola ends—the ends of the aisles—and it was very successful because of its high visibility. Such promotions can increase sales by up to 200%. If a supermarket has an uplift of 200%, not only will it want to keep the promotion going for longer, but it will need more product. I fear that, at such times, even if supermarkets such as Tesco are adhering, or say that they are adhering, to the standards for their imports, suppliers will be under pressure and will get the product from wherever they can, and the standards will not always be adhered to.

People may be familiar with the concept of stalls and tethers, which are banned in this country. Tesco wrote to me this morning pointing out that they will be banned in the European Union, but they will not—an allowance will still be made for the use of stalls and tethers, although the period will be restricted. Even so, that will not be introduced until 2013, which means that if one visits a British farm and sees a stall and tether, one will know that it is illegal, whereas if one visits a farm in other parts of the EU, one will still be able to see stalls and tethers and will then have to audit whether they are used for more than four weeks. I really do not know how that can be successfully audited. There are still big issues to resolve.

I have no doubt that the behaviour of some supermarkets has helped to suck in imports, which has had the effect of keeping the lion's share of the profits at the customer-facing end of the supply chain, and of ramming the rising production costs on to pig farmers.

Andrew George: It would be interesting to know whether the promotional campaign to which my hon. Friend referred was effectively being funded by the suppliers themselves. I am afraid that, too often, the so-called promotional campaigns of two for the price of one are largely or mostly funded by the suppliers, not the retailers.

Mr Bacon: Of course, that is a common problem with very powerful retailers. We have seen it in the book trade—many book publishers have been driven under by that sort of practice by some book chains. We know that big factors in the marketplace mean that it is constantly dynamic—no static position, even if it holds for a while, will hold for ever—but that is another thing that the adjudicator needs to look at, because it is an exercise of market power that distorts in a way that could sometimes be thought of as anti-competitive.

[Mr Bacon]

Retailers have the power, if they choose to use it, to make a difference by using their stocking, labelling and pricing policies to promote the prominence of British produce and to ensure a fair return for British farmers, including British pig farmers. I pay particular tribute to Morrisons, which is the only one of the big four supermarkets to source 100% of its fresh pork from Britain. Morrisons has also committed to using British-only meat in its own-label sausages, and earlier this month the company's chairman, Sir Ian Gibson—I am led to believe that he is no relation of the former Member for Norwich North—wrote to me about Morrisons' backing for British farmers. He said:

"We recognise the pressure pig producers are under and will continue to be strong supporters of the sector. We are the only major supermarket to have such close control over the provenance of its meat, buying pigs directly from Britain's farmers and processing the pork ourselves".

He continued:

"This results in exceptional quality, freshness and value. It also enables us to offer industry-leading support to British farming. Our commitment to source 100% British fresh pork is unique among the major supermarkets and in 2011 we expect to reach the milestone of purchasing a million pigs a year from British farmers".

That is extremely good news. Sir Ian added:

"This policy is popular with customers who we know show a preference for British produce if the price is right. Our combination of British provenance and quality at an affordable price sees us overtrade on pork—that is to say, our share of the pork market exceeds our overall market share".

I think there is a lesson there for other supermarkets. Sir Ian continued by saying that not only are Morrisons

"major customers of British farming but we consistently pay over the market price for our pigs and we always have done. This was reflected in the results of an independent satisfaction survey of our pork farmers last year, with over 70% responding that they were happy at the price paid by Morrison".

I salute Morrisons for backing British farmers so wholeheartedly and I wish them every success in their million pig milestone.

It would be remiss to not also mention supermarkets such as Waitrose, Marks & Spencer, Aldi, Lidl and the Co-op, which now all source 100% of the fresh pork that they stock from British pig farmers. All of that pork displays the red tractor mark, which is an independent logo that guarantees that the food it adorns was sourced from farms and food companies that meet Britain's high standards of food safety and hygiene, animal welfare and environmental protection.

Such support, however, is not constant throughout the retail industry. On the day before the "Pigs are still worth it!" rally, Mr Andrew Opie, food director at the British Retail Consortium, commented in a press statement entitled "Pig farmers do have retailers' support":

"Retailers know some consumers prefer to buy British. They're already doing what they need to to look after their supply chain and secure a sustainable UK pig industry".

I am afraid that that will raise a hollow laugh from many pig farmers. Mr Opie goes on:

"Supermarkets do not generally pay farmers directly for their pork."

Well, that will be news to Sir Ian Gibson, because that is exactly what Morrisons does. Mr Opie concludes by asserting that supermarkets have no direct relationship with farmers. Unsurprisingly, the BPEX chairman, Stewart Houston, described those comments as "complete rubbish", before adding that supermarkets

"dictate prices to processors who pass those prices directly to producers. It is a very short supply chain and they have nowhere to hide. How much money there is in the supply chain is determined by the price supermarkets pay. It is as simple as that."

Mr Keith Simpson: Am I right in thinking that supermarkets or their agents frequently inspect farms for hygiene, health and animal welfare?

Mr Bacon: They certainly do. They inspect or employ auditors independently to inspect British farms and say—Tesco has been saying this in correspondence with me over the past few days—that they do the same in relation to their foreign supply chain. I fear, however, that, when they have promotions at the discounted end of the market, that audit trail may run out and the provenance will not always be as clear as it should be.

Hon. Members may be disturbed to hear that there is evidence to suggest that British pork products are quietly being withdrawn from the shelves of our largest supermarkets and displaced by imports. Data from Kantar Worldpanel show that, over the past three years, the volume of pork on sale in British supermarkets that does not clearly identify a specific country of origin has increased, with a spike in sales of non-British pork having been recorded recently, in the past few months of this year and late last year.

Families in my constituency and across Britain who make their living from farming pigs may find their weekly shop at the local supermarket increasingly dispiriting. In-store observation by BPEX suggests that an overall increase in pork sales is being driven by promotional sales of imported pork that does not carry a quality mark. Imported pork has replaced British pork carrying either the quality standard or the red tractor. Where major supermarkets have run promotions on pig products that are multi-buy packs or are heavily discounted on price, it is mostly imported pork. According to BPEX, just one in five pork loins promoted by Sainsbury's two weeks ago was British, Asda's three for £10 promotion only included imported pork, and anecdotal evidence from BPEX members suggests that Tesco's recent in-store promotion on the so-called gondola end—end of aisle—of three pork products for £10 also featured only Danish or Dutch meat.

That is borne out by Pork Watch, the bi-monthly survey of supermarkets conducted by representatives of the National Pig Association and by Ladies in Pigs. The most recent survey found that the overall number of pork facings—the shelf space allocated to a product line—has fallen from 80% in November last year to 77% in February, which is the lowest figure for the past 12 months. Facings of the red tractor or the quality standard mark for pork—both indicators that British welfare standards have been adhered to—have also fallen slightly from 75% to 73%, after making small gains last year. It is worth taking a particularly close look at Pork Watch's findings on Tesco: it found that facings of "British" on Tesco pork had tumbled from 73% to 59% and red tractor facings had slumped from

63% to 55%—a fall of 14 percentage points in the British category, which is the largest decline of facings of "British" on pork in any British supermarket. About half of the pork on Tesco's shelves does not bear the red tractor, which makes it unlikely that imported pork meets the UK's welfare standards in all cases, despite Tesco's claim that its overseas suppliers' standards "broadly equate" to red tractor standards.

Let us be in no doubt that the situation facing British pig farmers is extremely serious. Of course, neither retailers, individual farmers, their industry bodies nor Members of Parliament can do much to influence world commodity prices. Feed is expensive because cereals are expensive, and that looks unlikely to change in the near future.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I hope that my hon. Friend can help me on one point. Presumably, the story he is telling ends with pig farmers leaving the industry. If that is the case, is the situation not serious for not just pig farmers, but for agriculture and indeed rural Britain as a whole? I suggest that problem goes much further than pig farming.

Mr Bacon: It does go much further than pig farming. People are beginning to exit the industry and many are worried about whether they can expect to still be in the industry by the end of this year. My point is that if we have a stronger pig farming and farming sector, that is good for Britain, for the rural economy and for the economy as a whole, and that that is good for the Tescos of this world and their like. If the supermarkets took a longer-term view, rather than just worrying about the next three months and the next quarterly results, it would be better for them in the end. It is not an accident that Morrisons' fresh meat sales have increased by 12% since it announced its 100% British pork policy. I urge supermarkets that are not currently doing so to take a more pro-British stance. It is incumbent on institutions—and such companies are institutions—of the like, size and power of Tesco to do more than just think about one set of shareholders; they have to think about the entire community of stakeholders, of which they form such a powerful part.

Let me give an example. Tesco states on its website that it supports British farmers, and hon. Members will have probably seen the signs as they go into Tesco showing that it is the biggest customer of British agriculture. On its website, it identifies 27 farmers whom it supports: five produce apples and pears, five produce cheese, nine produce either beef or lamb or a combination of the two, one produces watercress, one produces rapeseed oil and one produces milk. There is not a single pig farmer among the 27.

Mr David Ruffley (Bury St Edmunds) (Con): Will my hon. Friend explain why the economics mean that Morrisons can make a profit by sourcing 100% British pork when Tesco and the other superstores he has mentioned cannot? What is the economic reason he has divined for that?

Mr Bacon: My hon. Friend makes a very interesting point because one might think that if everybody could do it, they would. My point is they can do it and they should. The economic case is that when customers see that supermarkets, such as Morrisons, are backing British farmers and backing Britain, they are disproportionately likely to go and shop in those shops and buy those products. They want to see that the supermarket that they endorse by their shopping decisions—it is their spending the money in their pocket that means a supermarket is profitable—is also helping to back our community, back Britain and back British farmers. When people see that, they respond. That has an economic effect of its own, which is why Morrisons' policy has proved to be so successful. Other supermarkets should follow suit.

The even broader point is that, even if the effects were cost-neutral in the long term—I do not believe for one moment that they are—the supermarkets should recognise that they are British supermarkets and they are succeeding only because we have allowed the planning permissions to go through, sometimes against people's better judgment, and enabled them to have those locations. It is because we go into those supermarkets and spend our money that they are able to make such profits. I come back to the question: what kind of market are we talking about? We are not talking about the market for foreign exchange; we are talking about enormously powerful players, and with enormous power comes enormous responsibility. I am asking the supermarkets to exercise that responsibility in a more measured way in the interests of this country. I do not want to rant even more on that point, so I shall stop there.

It is certainly true that some British supermarkets can and do support British pig farmers, but only one of the big four sources 100% of its pork in Britain. That is not good enough. In addition, the biggest of the big four also seems to be slowly turning its back on British farmers, offering cheap imports in the misguided belief—promoted by the British Retail Consortium but disproved by Morrisons—that British shoppers do not care where the meat comes from as long as the price is right. Retailers will no doubt respond that they have to meet the variable demand of their customers and that in the current economic climate price has to be a factor. However, I question how much of the instability in the pigmeat supply chain is due to fluctuations in customer demand on price and how much is caused by the internal operations of the supply chain which, as I have set out, is entirely skewed in favour of retailers.

This is not simply a case of backing our heroic pig farmers against the evil supermarkets because, as we have heard, some of our supermarkets are trying to do the right thing. Of course it would be foolish to state that shoppers will buy British whatever the price, but we also know that it is possible to offer consumers British food at high standards of quality and animal welfare all at an affordable price. Morrisons have shown that that is possible and, if the producers can get a fair price for their pigs, we will have the best of all possible worlds.

When feed prices peaked in 2008, it took six months for prices to fall back to a sustainable level, during which time many pig farmers had left the industry. Today, three quarters of the remaining farmers say that they too will get out of the pig business if things do not improve within the next 12 months. That would be a tragedy for not only pig farmers, but processors, retailers and consumers. British consumers want to buy British produce because they want to support British farmers and they believe that it is the best. I have not wavered in

[Mr Bacon]

my belief that a mandatory country of origin labelling regime, combined with the widest possible support for the red tractor and quality standard marks, will give shoppers the information they need.

The Minister acknowledged in the House last week that the pig industry receives no subsidies. That is quite correct and I am certainly not calling for that to change. However, if the Government value having a British pig industry that sets the highest standards for quality and animal welfare, they cannot simply shrug and believe themselves to be powerless in the face of global food prices and grocery behemoths. The Government must encourage the pigmeat supply chain to work as it should, so that pig farmers can make a living, not a loss. Pigs were worth it in 2008. They are still worth it today.

2.59 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a pleasure to serve under your chairmanship, Mr Bayley. I congratulate my hon. Friend the Member for South Norfolk (Mr Bacon) on securing the debate. I hope he will not mind if I take his name in vain. Pigmeat is really important to this country and, dare I say it, there is never a better way to start the day than with a cup of tea and a bacon sandwich. I can hear people salivating around me as I mention that. The state of the industry has already been well described, and there have been numerous interventions from hon. Members about some of the points that I will try to present in a slightly different way in my speech. There is no doubt, however, that the industry needs some action from the Government. I will ask for clarity on actions that are already under way, and make some suggestions about the future.

In 1998, this country was 80% self-sufficient in producing enough pigmeat for our needs. This year we are at 48%, for reasons that have already been referred to: aspects of the animal welfare standards; the stall and tether and castration bans; and the dumping of cheap meat on our market, especially when we had the German dioxin feed scare. The current value chain has been well documented. I received my figures from one of my local farmers, Jimmy Butler of Blythburgh Pork, who has approximately 18,000 pigs at any one time, all of which are free range and very tasty. I had better not promote any more producers. He told me that farmers effectively end up losing £20 per pig. From the figures he gave me, the farming industry loses £4 million per week, while processors make £8 million, and retailers make £16 million, profit per week. There are various causes. We have already heard that the pricing that cannot be agreed with supermarkets, but there is also an issue about the price of feedstock. I appreciate that the Government cannot control that particular aspect of the input, but they can do something about the output prices in their proposed legislation for groceries and the inclusion of a draft adjudicator code for supermarkets. There is also the issue of welfare standards.

Mr Knight: My hon. Friend has introduced an important issue to the debate—the dioxin scare in Germany, which has caused a fall-off in demand for pork in that country. Is there a sign of hope in the fact that the lack of demand for pork in Germany is likely to be a very short-lived phenomenon, and will hopefully lead to prices being a little more buoyant in future than they have been this year?

Dr Coffey: My right hon. Friend makes a very good point. I hope that that will be the case and, going even further, that our British farmers will be able to exploit an export opportunity. It would be interesting to see Germans eating British sausages, rather than their own bratwurst, but why not? We have won on other fronts in Germany in the last century and I am sure that our pig farmers would be proud to go in and make sure that an English wurst—

Daniel Kawczynski (Shrewsbury and Atcham) (Con): 1966.

Dr Coffey: Indeed. My hon. Friend is absolutely right. I was not referring to anything else.

We should be proud of the welfare standards that we enjoy in this country. My hon. Friend the Member for South Norfolk is right that some of the regulations have been partly changed, and the task of bringing welfare standards up to those enjoyed in the United Kingdom will be completed by 2013. I call on the Government to ensure that they use all possible influence to make sure that that date is not delayed in any way. We have already heard other examples of derogations that have been extended. It is critical for our industry, and just as important for the welfare of the animals that are farmed, that we do not delay.

What can we do? The industry is innovative. We have heard about Ladies in Pigs, with its lip-smacking recipes and demonstrations around the country. The industry is good at talking about consumer choice and education. We can continue to advertise the fact that 45% of pig herds in this country are reared outdoors, whereas in the rest of Europe it barely reaches 5%. Such things are important, and they are one reason why British pork is rightly a premium product. I wonder whether it is appropriate to bring in the following point, and I do not know if the pig industry has ever done this. I have received a number of letters from constituents who are concerned about halal labelling on other forms of meat. Regularly, meat is presented—one might buy chicken or something similar—as having been prepared to halal standards. I think I am right in saying that halal is irrelevant when it comes to pork, bacon and so on. Therefore, if people want to be confident that they are not eating meat that has been prepared in a halal way—or indeed in a kosher way—then eating a pigmeat product would be one particular avenue for them to pursue.

We should also make sure that the industry of butchers continues to recommend itself to consumers. I think that we all regret the loss of any high street butcher from our constituencies, and I am proud that we have so many—do not worry, Mr Bayley, I will not be naming them all, or any. Butchers provide a professional insight for consumers and help with choice. I hope that they will be encouraged by the information in the Budget today on small business rate relief. There will be significant reductions for properties with rateable values of less than £12,000—an example of the Government supporting high street shops, including butchers, to ensure that they can continue to sell good British pork and other pig products.

My hon. Friend the Member for South Norfolk said that we are not calling for a subsidy. I completely agree with that, and I do not believe that the industry is calling for it either. However, the Government could make sure that they take advantage of my hon. Friend's excellent Food Labelling Regulations (Amendment) Bill. We were very strong on that issue before the election and I am very keen to see that we make good progress. That would not cost money, it is free to do, and it would have a dramatic effect on consumer education, as the consumer would know that the products that they buy that sport the British flag were raised and reared here and conform to UK welfare standards. It might also be worth trying to pull together all the different legislation on UK food labelling and having a more simplified process. My hon. Friend's Bill might be a good avenue for doing so.

It would be helpful if the Minister clarified the position on Government buying standards for food, which were due to come into effect this month. I understand that that is not a buy-British campaign, but it is supposed to ensure that a high quality standard of food is purchased by Government. I look forward to clarification on that.

Another slightly controversial question concerns feedstock. Pigswill was banned as a source of food for animals, which was understandable at the time. I am not suggesting that all pig farmers want pigswill to return, especially those at the premium end, but have the Government considered reviewing that policy as a way of trying to reduce the input costs for our farmers? Will the Minister also clarify what the UK pigmeat supply chain task force is doing, as well as the EU advisory group on pigmeat? I only learned about that group yesterday through a response to a question about pigs in the House of Lords. It is good to see that the other place takes an interest in this issue too. I appreciate that the Government cannot just go out and tell people to buy pigmeat, but there is a lot that they can do to ensure that the product that we are proud to see on our shelves, when carrying a British label, is deemed to have been produced to the same welfare standards anywhere in this country. I look forward to the action of a great friend of farming—the Minister.

Finally, I must apologise for forgetting to congratulate my hon. Friend the Member for South Norfolk on securing this debate. I hope that it will not be groundhog day, as my hon. Friend the Member for Broadland (Mr Simpson) suggested, but all I can say is that, with the friends of the farming industry who are present in the Chamber today, the Minister will know that we will not give up.

3.9 pm

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): It is a great pleasure to serve under your chairmanship, Mr Bayley. I congratulate my hon. Friend the Member for South Norfolk (Mr Bacon) on securing the debate, which is very important not just for us in East Anglia, but for many rural communities all over the country. Pig farming and farming in general have suffered in the past few years. Although it is important that we have a comprehensive debate about pig farming, it also helps us to raise a number of issues that are important to the wider farming sector.

One of my first engagements as a new MP last year was a visit to Stuston farm in my constituency, where I was introduced to a new breed of pig—the mangalitsa pig— which has just come into the United Kingdom; that was a great pleasure. Today's debate is about the future of pig farming, which is one of the most important parts of agriculture in East Anglia, particularly in Suffolk and Norfolk. I am therefore delighted that we have replying to today's debate a great friend of East Anglia, Suffolk and my constituency. The Minister knows the issues better than many and I am sure that he will do all he can to help us resolve them.

My hon. Friend the Member for South Norfolk talked about a number of important issues, including the fact that the pig industry slid back into loss making in 2010, its problems exacerbated by the rise in wheat prices and the fact that retailers are not passing on their profits to pig producers. According to the National Farmers Union, over the past three years pig producers have been losing £20 a pig, whereas retailers have continued to make a profit of £100 a pig. That is unacceptable. Retailers should show more corporate responsibility in supporting British food producers.

Of course, the increasing cost of fuel will further exacerbate the problems in the pig industry, so we were pleased to hear in today's Budget statement about the fuel stabiliser, which will help many farmers. Another important problem is the difficulties in many parts of the country with getting planning permission for local abattoirs, so that we can reduce food miles. I am delighted that we finally have in East Anglia, in my constituency, an abattoir. Local pigs can now be slaughtered locally, which is a very good thing.

We have talked about broader questions of Britain's food sustainability and the importance of supporting a profitable and sustainable agricultural sector to improve that. In the past decade or so, the amount of food consumed in Britain that is produced here has fallen quite dramatically: we now produce only about 40% of the food that we eat. With climate change already affecting many major agricultural producers such as Australia, where extreme temperatures could undermine a major world supplier of wheat, it is all the more important that we promote food sustainability and support British pig farmers as a means of doing that. I am pleased that that matter has already been raised: the Minister talked about it in response to parliamentary questions from my hon. Friend the Member for North Warwickshire (Dan Byles), who touched on it in the context of supporting our armed forces. It is important that we make sure that Britain can feed itself and that we have proper food security and food sustainability for the future.

One important point that has been teased out in the debate is that British pig producers have much higher standards of traceability and animal welfare than many of their overseas competitors, but they are not competing on a level playing field in the supermarkets where they sell their goods. An important related point is that 30% of imported pork does not meet UK standards of animal welfare, but it is still sold in our supermarkets.

Mr Bacon: Actually, BPEX estimates that 70% of imported pork does not meet the British standard, and that only 30% does.

Dr Poulter: I thank my hon. Friend for that clarification, which makes the point even more forcefully. As he says, only 30% of imported pork in our supermarkets meets

[Dr Poulter]

UK standards, according to BPEX. We need action from the Government to put the onus on supermarkets to show greater corporate responsibility and to provide a more level playing field for British food producers and the goods they sell.

Simon Hart: The Minister might be able to comment on the appropriateness and legality of using the planning system to impose such conditions on supermarkets.

Dr Poulter: I thank my hon. Friend for that, and I look forward to the Minister covering that that in his concluding remarks.

Mr Graham Stuart (Beverley and Holderness) (Con): My hon. Friend is making a powerful point about the need for a level playing field. Pig farmers in my constituency are not asking to be given any artificial support; they are asking to compete on a level basis. They go to other countries and see farmers putting in new sow stalls when they themselves spent hundreds of thousands of pounds per unit replacing their stalls 10 years ago, and they are rightly upset. Does my hon. Friend agree that other countries should not be allowed a derogation in due course? If our farmers have had to make that investment, so should farmers elsewhere and they should not be allowed to import their meat into this country unless they follow the same rules.

Dr Poulter: My hon. Friend is absolutely right and makes the point very powerfully. The fact is that there is not a level playing field, particularly in the European Union. Stricter EU animal welfare laws for pigs have been agreed, but they will come fully into force only in 2013. As he forcefully argues, we need those standards to be applied in Europe. However, it is not just a question of standards being applied universally; our supermarkets must also show corporate responsibility. If overseas food producers do not produce food to the same high standards of animal welfare and traceability as British farmers, our supermarkets should not buy food from them. We need to see that corporate responsibility from the industry.

Jim Shannon (Strangford) (DUP): I represent an area in Northern Ireland where almost everyone used to keep pigs, sometimes in large numbers. We are now down to only one producer, albeit a big one, which indicates that we are hearing the death knell of the pig industry. In some parts of Europe, regulation is non-existent, so does the hon. Gentleman feel that the Minister needs to convey to European Ministers and to Brussels the fact that whereas regulation is enforced with almost evangelical zeal in parts of the United Kingdom, the same is not true in other parts of Europe?

Dr Poulter: I thank the hon. Gentleman for that forceful intervention, and I absolutely agree with him. British pig farmers have struggled a great deal over the past few years, and it is a great pity that the number of people farming pigs has consistently declined throughout the UK. We would like that to be put right and we would like to see greater support for pig farmers. He is right to mention the EU, because over the past decade or so Whitehall has been fond of gold-plating and platinum-plating European legislation, whereas countries that do not like the legislation tend to ignore it. He is absolutely right to say that we need to seek consistency across the EU, and that needs to be taken up at a European level. We want a level playing field so that our farmers can have a thriving and prosperous future.

I do not want to detain colleagues much longer, because we want to hear from the Minister. We have talked much about honest food labelling, which applies across the farming sector, but particularly to British pork. At the moment, bacon only has to be sliced in the UK to be labelled British, which is unacceptable. UK law requires that labelling should not be misleading, which is a good thing, but it does not define how much British involvement is required before produce can be counted as British. Traditionally, slaughtering animals in this country would count, so calling something British lamb or British pork could mean that although the meat was imported, slaughter and packaging took place in the UK, but now meat need only be sliced here to be labelled British. That can be misleading in supermarkets. We want stronger action on labelling, and I am sure that the Bill to be introduced by my hon. Friend the Member for South Norfolk will go a good way towards countering that great problem, which would also help to support British pig farmers.

We have talked a lot about getting greater corporate responsibility from our retailers. I mentioned the fact that while pig farmers have been losing £20 per pig over the past three years, our retailers have been making profits of £100 to £120 per pig. Surely there must be an onus on those retailers not only to support honest food labelling and promote the fact that British farmers produce pork to higher animal welfare standards and with greater traceability, but to want to support local and British produce. That has to be a good thing. As we know from the example of Morrisons, cited by my hon. Friend the Member for South Norfolk, consumers want to buy British and support local food producers. Consumers in East Anglia, Suffolk and Norfolk want to support our local food producers. That would be a good thing for supermarkets to do.

Roger Williams (Brecon and Radnorshire) (LD): I could not resist attending the debate, if only for a few minutes. Does the hon. Gentleman agree that one consequence of the pricing system used by supermarkets is that pig production in this country is driven down and more pigs are produced in sub-standard conditions in other countries? That is a serious problem.

Dr Poulter: My hon. Friend is right. The key point, which my hon. Friend the Member for Beverley and Holderness (Mr Stuart) raised, is the need for a level playing field. We are proud that Britain has high animal welfare and traceability standards, but if our farmers are not competing on a level playing field with farmers in Europe and overseas, with 70% of overseas pork not being produced to the same high animal welfare standards, that is wrong. There is an onus on our supermarkets to show greater corporate responsibility and to make a stand by supporting local food producers and ensuring that they help their customers to understand the issues. I hope that we will hear strong words of support on that from the Minister.

We have talked today about the importance of backing British pig farmers, because we believe in backing British food sustainability and security. We have talked about the fact that there should be a level playing field for British farmers and pork producers, with their high animal welfare and traceability standards compared with the standards of their European competitors. We have talked about the need for honest food labelling, which we will discuss further in the main Chamber in the near future. The Minister is a great friend of farming and we look forward to his reply to the debate and to him telling us how he and the Government will support the British pig industry.

Hugh Bayley (in the Chair): I want to call the Front-Bench spokesmen to start the winding-up speeches at half-past 3, which leaves us time for one further speech.

3.23 pm

Neil Parish (Tiverton and Honiton) (Con): Thank you for calling me, Mr Bayley, and I thank my hon. Friend the Member for South Norfolk (Mr Bacon) for securing this opportune debate.

I want to concentrate first on the profitability of the pig sector. It is obvious that pig farmers cannot go on losing £20 per pig—something needs to be done. At other times when pig farmers lost money due to high cereal prices, cereal prices subsequently fell, so pig farmers could bridge the gap and the profitability of pigs returned. This time, we cannot guarantee that the peak in cereal prices will be here for only a short while; it may be here for quite a lot longer. It is always difficult to predict a market while thinking on your feet.

We must say clearly to the supermarkets that it does no good to drive pig farmers out of business, which is what they are doing. It is very short-sighted and has a knock-on effect on the cereal producer, because we produce a lot of barley and wheat for feed that goes to the pig and poultry sectors.

As many hon. Members have said, the pig industry is unsubsidised. It does not get any single farm payments, and pig farmers have to make their money back from the marketplace. We have to help them to do so through the grocery adjudicator and others. Hon. Members also talked about labelling, and although the "British" label is not always easy to get, there are regional labels, which have legal standing and are easier to maintain. When I was in the European Parliament, the French, and particularly the Italians, seemed to manage to label everything with a region and, largely, get away with it. We have to be keen on this.

Back in the '90s, we introduced extra welfare standards for pig farming. Why did we bring those in? Because our people are very keen on animal welfare, but, to put it bluntly, if they are keen on animal welfare, they should put their money where their mouth is. Clearly, higher standards make costs higher, so we must ensure that produce is properly labelled in supermarkets so that consumers know what they are buying and are able to buy a British product.

Our main competitors in the pig industry are the Danes, probably closely followed by the Germans, and they are using sow stalls and tethers to this day. I remember trying to table an amendment to get them banned in Denmark by 2004, but the Danes are getting away with it until 2012. The Minister is a friend to farming, and I know that he will fight our corner very hard to ensure that there is no extension. This has gone on for far too many years and driven far too many pig farmers out of business.

Pig farmers do not want to join the subsidy junket. One or two might, but generally they want a fair price for their pigmeat. I have been to many local producers in my constituency to see the farrowing and the outdoor pig systems. We have some of the best, if not the best, pig systems in the world, but that costs more money. We have all made this plea to the Minister: let us look at this matter every way we can. Let us help pig farmers to brand their produce with a local label—Devon meat, of course, is better than any, but perhaps Norfolk meat is nearly as good—and to market it so we can get an increase in price. We give Morrisons top marks, but other supermarkets have lower grades, so let us say to the supermarkets that they cannot go on making pig farmers produce pork at a loss, because the pork will not be there. Once pork in the rest of Europe has decreased—the German situation—and production has fallen, there will not be this vast amount of pork sloshing about in the European market. What the supermarkets are doing is all very short-sighted.

We should look at ways that Government can help, but this is also about the power of the consumer. We must get the message over to consumers that they must go into the supermarkets, look at the label and ensure that the Union Jack is not just for processing, but that the pork was reared, slaughtered and processed in the UK. That someone can still put a Union Jack on a label just for processing is a problem. Often, people will pick that product up as though it is a genuine British product.

I welcome the debate. The number of Members present this afternoon, even with the Budget debate going on, shows how important we feel the topic is. I also welcome the presence of the Minister and the shadow Minister.

3.28 pm

Mr William Bain (Glasgow North East) (Lab): It is a pleasure to serve under your chairmanship once more, Mr Bayley. I congratulate the hon. Member for South Norfolk (Mr Bacon) on securing this important debate, which is also timely, given the number of pig farmers who recently attended the House and put their points on the future of the British pig industry very forcefully.

I commend the contributions made by the hon. Members for Suffolk Coastal (Dr Coffey), for Central Suffolk and North Ipswich (Dr Poulter) and for Tiverton and Honiton (Neil Parish), who expressed their concerns, but also their hopes for the expansion of the industry. They were united in their call for reform of the supply chain, which I shall address later.

The number of pigs in the UK declined from 7.9 million in 1996-98 to around 4.7 million in 2009, although numbers have stabilised since, and world pork production has increased in recent years after pauses in growth earlier in the decade. The United Nations Food and Agriculture Organisation estimated that global production reached 106.5 million tonnes in 2009, and 108.5 million tonnes in 2010. Pork accounted for 37.8% of global meat production in 2010, and pork production is rising in the Asia-Pacific region, but falling in Latin America.

[Mr William Bain]

From 2005 until 2010, the European Union exported more pork than any other region or trading bloc, but the Food and Agricultural Policy Research Institute has established that EU exports fell by 19% in 2009, and it forecasts a progressive loss in EU global market share, which is partly accounted for by the differentials in animal welfare treatment. It identifies Brazil and the United States as areas with a quickly expanding global pork market share.

That raises the question whether the EU, in negotiating to complete the Doha round of the World Trade Organisation trade talks, ought to consider trying to level up environmental and animal welfare commitments and guarantees across the world, given the competition that the European pig industry faces from Brazil, the US and other regions. That is an important point.

In this country, the pig industry has made real efforts on reform—for example, greater use of anaerobic digestion to cut down on food waste—and has operated to the highest level of animal welfare, but, as hon. Members have pointed out, food labelling and supply chain problems are placing our farmers in increasing financial difficulties. The previous Government set up a taskforce on the pigmeat supply chain, which produced a code of practice on labelling pork and pork products. It was based on the best practice available from the Food Standards Agency and had the support of the industry.

On research and development, the taskforce sought to extend new systems for surveillance and epidemiology, IT systems for integrating health schemes, slaughterhouse surveillance and quality assurance schemes, and schemes for reducing waste and emissions to the environment from the supply chain. There may be many measures in the Budget that I will not be able to support—*[Interruption.]* I am sure that hon. Members will not be too surprised by that.

Daniel Kawczynski: Shocked.

Mr Bain: Shocked, even—dismayed, perhaps. However, I hope that pig producers, and indeed BPEX, will take up one of the welcome measures in today's Budget: the expansion of small business relief for research and development. That has the potential to improve the competitiveness of the British pig industry.

The Opposition call on the Government to act in three areas. The first is ensuring that the cross-EU enforcement of directives 2001/88/EC and 2001/93/EC on banning close confinement sow stalls takes effect on 1 January 2013, as scheduled. I am aware that the Government are supporting an intra-EU ban on the sale of eggs from countries that do not introduce the new provisions on egg-laying hens from 1 January 2012. Will they adopt the same position in respect of any breach of the directives on pig welfare standards by any member state? I hope that the Minister addresses that point in his winding-up speech.

Secondly, on food labelling, we call on the Government vigorously to support country of origin labelling in their discussions at the Council of the European Union, as alluded to in the coalition Government agreement.

Mr Graham Stuart: I do not know whether the hon. Gentleman, from the rural idyll that is his seat, will be able to answer this question. He said that he wants the Government vigorously to act on food labelling. Why was so little done during the 13 years of the previous Administration, although I know he was here for only a little while during that time?

Mr Bain: I am grateful for the hon. Gentleman's intervention. I remind him, as I did the hon. Member for Christchurch (Mr Chope) during a debate on the Sustainable Livestock Bill some months ago, that there are three arable farms at the very top of my constituency. I am hoping to visit them during the Easter recess. Indeed, I have had a good discussion with the National Farmers Union Scotland on a range of issues in the past few weeks.

The hon. Member for Beverley and Holderness (Mr Stuart) raises an interesting point. We can bat around what did or did not happen during the past 13 years, but what will certainly be most effective is cross-EU standards in this area. He knows that the food labelling directive is before the European Parliament, and that it may have a Second Reading by early summer. We should focus our efforts and show unity across the House on getting decent standards that will protect the pig industry and other parts of our arable and livestock farming industries.

I want to address the anomaly that the hon. Member for Central Suffolk and North Ipswich pointed out—that is, food that is processed in the UK can be labelled as produced in this country. We need reform and clarity across the EU through regulations to deal with that issue.

The third area in which we seek Government action is in respect of a plan for the food industry. The previous Government commissioned the report "Food Matters", under the auspices of the Cabinet Office, and the study "Food 2030", under the auspices of the Department for Environment, Food and Rural Affairs, but circumstances have moved on. The Foresight report sets out new challenges for better use of water and soil. It also sets the global challenge of feeding 9 billion people by 2050, but with potentially fewer resources—increasing food production by 50%, but in a sustainable way.

To meet the challenges of sustainable food production, which the pig industry will be involved with, and to show that we can meet our climate change reduction commitments, the Opposition and the NFU call on the Government to adopt a proper plan for food, which should include the pig industry. If there is to be a plan for growth arising from today's Budget, the UK's largest manufacturing industry—namely, agriculture—cannot be left out. The plan should contain strong proposals for a groceries code adjudicator with the statutory power to tackle unfairness and inequity wherever they are found throughout food supply chains. As hon. Members have pointed out, such an ironing out and levelling of the market would be enormously beneficial to our pigmeat producers.

Jim Shannon: One of the subjects that the hon. Gentleman has not mentioned—perhaps he is about to do so—is the supermarket ombudsman, for whom I think there is a role. There is a margin between the £16 million per week profit made by shops and the

£8 million per week that the pig producer gets. Is there a method whereby the supermarket ombudsman could bring those figures closer together, thereby keeping pig farmers in production?

Mr Bain: It is precisely that ability to take steps to iron out market inequalities that we are calling for. The previous Government called the institution a supermarket ombudsman; the new Government call it the groceries code adjudicator. What matters is the powers that it will have, and we look forward to the draft Bill that the Department for Business, Innovation and Skills promised to publish by Easter to see how rigorous it will be in helping the sector and the dairy sector as well.

Hon. Members have alluded to the fact that the British pig industry needs not a handout, but a hand up. With the combination of an increase in research and development, a strong groceries code adjudicator, better and stronger EU food labelling rules, fairer supply chains and reform of the WTO animal welfare rules, we can collectively ensure a brighter future for our pig farmers, which is what they want and deserve.

3.39 pm

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I too, welcome you to the Chair, Mr Bayley. I genuinely congratulate my hon. Friend the Member for South Norfolk (Mr Bacon). During his time here, he has been a stalwart supporter of the pig industry, and I am sure that that is not because of his name. His Bill, to which I shall return, is being presented to the House for the fourth time, which shows his determination. I have attended innumerable breakfast and other meetings that he has hosted on the pig industry, and it is fortunate to have someone who is so determined to support it and the pig producers in his constituency.

On one occasion, most of the Suffolk and Norfolk MPs were in the Chamber, which demonstrated not just the importance of the concentration of the pig industry in those two counties—*[Interruption.]* My colleagues from east Yorkshire also joined us. Those are the main pig producing parts of the UK, and the fact that so many hon. Members decided to attend demonstrates the importance of the pig industry to them, and it reflects the lobbying that has taken place. As a former pig producer in the constituency of my hon. Friend the Member for Central Suffolk and North Ipswich (Dr Poulter), I entirely understand its importance.

As my hon. Friend the Member for South Norfolk rightly said, the industry is vital. He said that its total value is £8.7 billion, which is a significant sum in the retail sector. Others hon. Members have referred to the collapse of the pig herd since the mid-1990s. It is impossible to say precisely how much of that is attributable to the unilateral ban on stalls and tethers that we introduced, but it is obviously a significant part.

One of the changes over 20, 30 or 40 years has been rationalisation into specialist pig units. Years ago, pigs were one unit on a generalised farm, and a rise in grain prices had less impact, because farmers were feeding their own grain to their pigs, so they lost on one side and gained on the other. Now, more and more farmers are specialist pig producers, and must buy all their feed, so they can only lose from rising grain prices.

I shall try to address some of the issues that have arisen during the debate. My hon. Friends will be aware that there has always been pig a cycle. Pigs have a relatively short gestation and growth period, so the rise or fall in supply is a reasonably short-term phenomenon. They were always muck or money as supply and demand fluctuated slightly, but the level of fluctuation has become much worse, and the £20 a pig loss to which several of my hon. Friends referred reveals a dramatic downside of the cycle. It is unfortunate that the cycle was already beginning to drop off when feed prices were hiked up because of the grain price. That exacerbated the problem, but we are there, and the situation is horrendous.

My hon. Friend the Member for South Norfolk referred to some of the costs that our producers incur. Stalls and tethers were first phased out in the early 1990s, and were banned completely by 1999. Tethers were banned in the rest of Europe in 2006, and stalls will be banned by 2013, although, as my hon. Friend correctly pointed out, it will be permissible to keep sows in stalls for up to four weeks after service, and that brings me to the question asked by the hon. Member for Glasgow North East (Mr Bain). I assure him that the Government are absolutely opposed to any extension or derogation. As with battery cages for chickens, countries have known for a long time that the change was coming, and farmers have no excuse for not making the transition.

The hon. Gentleman asked me quite rightly about enforcement, and the fact that farmers will be allowed to have stalls on their farm in which to keep sows for four weeks will create a big challenge. Responsibility for enforcement will rest with the competent authority—usually the Department of Agriculture in member states—and I recognise the issue. We must keep pressing the Commission to ensure proper enforcement, because that is a worrying loophole.

Mr Graham Stuart: Will my right hon. Friend say whether the Government have consistently made the case that there should be no derogation after 2013, and whether he has any idea of when the Commission might publish details on enforcement? The earlier we see the proposed enforcement mechanisms, the more we will be able to influence them before they are introduced, when they will be harder to change.

Mr Paice: The answer to the first part of my hon. Friend's question is that we constantly tell the Commission that when a rule is introduced, every country should comply with it, and that there should be no derogations. He is right in saying that we have not seen any proposals for enforcement, and I am not aware that we have seen any assessment of what stage other countries are at. There were efforts to do that with conventional battery cages, but there were difficulties. The matter is important, and I will chase it up to see whether there has been any assessment of what other countries have done. To be fair, we know that many countries with a significant number of pig farmers, such as Denmark, which is a major pig producing country, have converted, but I cannot tell my hon. Friend precisely what the proportions are and how many remain to convert.

The hon. Member for Glasgow North East challenged me on whether we would support an intra-EU ban on those countries that have not introduced the measure. I shall be completely honest, as I always try to be. We

[Mr Paice]

have not considered that yet, but he makes a valid point. I made the point about eggs, and there is no logical reason why we should not do the same for pigmeat. However, we want everyone to convert, and until we see some sort of assessment, we cannot speculate too much, but I entirely accept the hon. Gentleman's point.

I have just been passed a note saying that no official information is available about how far EU countries have moved towards complying with the directive. Denmark and the Netherlands have said that they will comply, but the situation in some other countries is different and vaguer. There are different rules on castration and tail-docking in different countries, and there is a competitiveness issue. Some hon. Members referred to supermarket specifications and, as my hon. Friend the Member for South Norfolk said, claims by Tesco and others about their supply sources. It is reasonable and acceptable, of course, for retailers to ensure that their supply chains comply with British standards, and it is not in the Government's gift to check whether they do. There is no doubt that tail-docking and castration rules are different in other countries, and it is only right and proper that they should insist on the same standards. I shall return to the supermarket issue.

That leads me to my last point on welfare. My hon. Friend the Member for Suffolk Coastal (Dr Coffey) referred to pigs being kept outdoors. Anyone who drives through Suffolk and South Norfolk will see that tens of thousands of sows are kept outdoors, even through the recent winter and the snow before Christmas. There is no doubt that keeping pigs outdoors is more expensive in production costs. Productivity is lower, there are not so many pigs a year from the sows, and growth rates are slightly affected. Those systems are being adopted because the drive for better welfare from retailers has pushed them that way, but higher management standards are required and farmers do not receive the price for their pigs that that higher standard demands.

I was with a group of Agriculture Ministers in Belgium before Christmas, and we were taken to a modern, highly efficient Belgian pig farm operated in totally enclosed buildings, where the hygiene must have been incredible, as there was no disease. Nevertheless, there were just spartan, bare shelves with a few rubber balls hanging on chains for the pigs to play with. Those pigs compete with our pigs, which are reared outdoors. Apparently, British consumers prefer pigs that have been reared outdoors, but they are not always told about it.

My hon. Friends referred to the overall issue of supply, and to dioxins, which was a problem from Germany that we had in January. The Commission introduced a private purchase scheme for a short space of time, and some pigmeat was taken off the market, which helped for a while. What concerned me was the allegation—I say only that—that certain supermarkets were dropping their British suppliers because the European mainland market was awash with cheap pigmeat as a result of the dioxin scare. To me, that undermines the claims made by my hon. Friend the Member for South Norfolk about supermarkets looking after our sector.

Mr Bacon: As the Minister said, it is not in the Government's gift to check whether claims made by supermarkets about animal welfare standards are adhered to by overseas producers whose products the supermarkets import. Even if the Government cannot do that, however, does the Minister agree that there is an interest on the part of consumers and of Government in knowing whether such claims are true?

Mr Paice: My hon. Friend is right and we stand four-square behind the assertion that it is important that the consumer be properly informed about what is available for sale. There should be an effective traceability chain that can verify the claims made on the label.

At this point, I should probably discuss the issue of labelling. I welcome my hon. Friend's Bill, but he knows as well as I do that there are question marks—to say the least—about the legality of the UK legislating alone on food labelling. There is good news, however, and since we came to office, two things have happened. The hon. Member for Glasgow North East made a point about the pigmeat supply chain taskforce and the code agreed with the industry. That happened before we took office, and I am the first to recognise that. Since we took office, a bigger agreement on all meat has taken place between the supermarkets, the meat trade, the catering and hospitality trades and the producers, resulting in a much broader voluntary code of practice concerning country of origin labelling. That is the key issue. That code is now in place, and we are currently doing an evaluation exercise to baseline it so that we can measure progress in the future.

Alongside that, there are negotiations on the EU food information regulation. Since taking office, we have toughened up the UK's approach to support the idea of mandatory labelling for meat and meat products, and that is what the regulation currently requires. As my hon. Friend the Member for South Norfolk says, there is a long way to go and I do not want to forecast the outcome. At the moment, however, the food information regulation would achieve what he seeks with his Bill, except that it would apply not only in the UK but across the EU. That is the best way forward, and potentially that is encouraging news.

My hon. Friend the Member for Tiverton and Honiton (Neil Parish) asked about regional labels. There is nothing to stop anybody from marketing and using regional labels, and we strongly support protected name indicators—PNIs—in principle. The two examples I give will not make or break the pig industry, but Gloucester Old Spot pigmeat, and more recently Cumberland sausages, both in the pigmeat world, have been approved for that status. PNIs are a marketing tool, but like any other form of marketing they are effective only if the labelling is honest about the country of origin where the pig was born, reared and slaughtered. That is the point about labelling espoused by my hon. Friend.

Mr Bacon: Does the Minister agree that the most important thing about labelling, including mandatory labelling, is to stamp on the canard that giving full, accurate information to consumers somehow distorts the market, because consumers might act on that information? The only possible consequence of accurate food labelling is to assist the clear operation of market preferences.

Mr Paice: I entirely agree. We are constantly told by retailers, "We are doing what the consumer demands." Well, let the consumer demand, but make sure that they are properly informed so that we know that the demand

is genuine. There is no reason for anybody, whether producer or retailer, to be afraid of the consumer, and we should not be afraid of consumers being properly informed.

I will touch on the two final issues raised by hon. Members. First, the coalition Government are committed to introducing Government buying standards, and we are on schedule to do so. Some parts of that relate to food but concern health, rather than the DEFRA rules on food, so I will concentrate on pigmeat. Our clear objective is that we should spend taxpayers' money only on food that has been produced to British standards, as long as it does not cost any more—there are plenty of examples and pieces of casework to demonstrate that it will not cost more. That is only right and fair, and it means using farm assurance schemes as benchmarks to ensure that it takes place. That objective is on schedule.

My final point, on which I have been challenged, concerns the adjudicator. That is the responsibility of the Department for Business, Innovation and Skills and it is clear that the Department is determined to go forward with it. I was asked about its role, and the adjudicator will investigate complaints from anyone in the supply chain who has been affected, either directly or indirectly, by what they believe to be a breach of the code. Furthermore, the issue can be dealt with anonymously. Those are the two big issues that we will see when the legislation is published.

Finally, let me turn to the wider issue of supermarkets. I must resist the temptation to identify individual supermarkets and say what each is doing, because I do not have full knowledge of that. Morrisons is distinct, because it has its own abattoirs, unlike any other supermarket. That is why it buys pigs from the farmer as opposed to from a processer, as other supermarkets do. Usually, however, supermarkets are closely involved in sourcing their meat.

I entirely share the general thrust of the comments made by my hon. Friend the Member for South Norfolk, and those of everybody else who has spoken. If supermarkets and retailers believe that future consumers will want to buy British pigmeat, they have a responsibility to ensure the supply of British pigmeat for the future, and that lies behind the adjudicator and the code. The Competition Commission's conclusions were not about farmers but about consumers. It was concerned that retailers were shifting too much risk on to the supply side, and that in future the consumer might lose because the supply side was constrained. Therefore, it is in the interests of the consumer to ensure a supply of British pigmeat for the future. I share the view held by my hon. Friends that although no one pretends that there is a single solution to the challenges we face, supermarkets have a big role to play. To be fair, it is not only Morrisons that takes the more responsible line to which my hon. Friend referred.

I am grateful for the compliments that I have received from hon. Friends about my feelings on this matter, but that is not really important. What matters is what the Government do, and we have made a pledge on the adjudicator and are making dramatic progress on the labelling front and on Government buying standards. We have dealt with the issue of potential GM contamination of imports, and we are determined to do everything we can in an industry that, as others have said, is unsubsidised and vitally important. I congratulate my hon. Friend on securing this debate.

Rural Broadband

3.59 pm

Rory Stewart (Penrith and The Border) (Con): This is a very oversubscribed subject, and we have only a short time. I am keen for all hon. Members present to intervene. Some 15 hon. Members have been in touch with me about that. I ask them to give me three or four minutes to get under way and then I will try to bring everyone in.

I begin by thanking my hon. Friend the Minister very much. He came up to Nenthead in my constituency on what was a hairy day over the top of the Alston fell. He saw us install the new broadband network and launched our conference. In general, this is a very positive story. It is the beginning of a new story, but a very positive one. I thank also all the MPs here today. Incredible work is being done constituency by constituency. If there is a broader constitutional lesson from all this, it is about the role of Members of Parliament in driving forward superfast broadband.

I say a huge thank you also to the officials. We have had incredible support from Anton Draper in the Department for Communities and Local Government, from Mike Kiely and Robert Sullivan in the Department for Business, Innovation and Skills, from Alan Cook at Cumbria county council and from communities themselves. This is above all a story about community pressure and Government responding to it. Within the confines of Cumbria, there has been huge pressure from a diverse range of communities. The people and places include Libby Bateman from Kirkby Stephen, Miles Mandelson, who has constructed one of the most exciting superfast networks imaginable in Great Asby, Leith-Lyvennet Broadband and Northern Fells Broadband. They have all been pushing ahead on this issue.

There is a huge need, which I am sure all hon. Members will speak to, particularly for rural areas—for our economies above all. Isolation cripples our economies. As a group of MPs, we tend to have in our constituencies far more self-employed people than any other constituencies in Britain and far more people working from home. Broadband is essential for that, but also for public services such as health and education. It allows my neighbour with Parkinson's disease, instead of making a four and a half hour round trip to Newcastle general hospital, to have a live video link to the consultant without leaving home. The same is true of distance education and learning.

The challenges, which again are not things I need to talk about at length today, are challenges of topography, scarce population and the amazing shifting sands of technology. Every time I talk to the Minister, a new person has emerged with a new and astonishing solution. I am thinking of point-to-point microwave links; the fact that one Minister is pushing satellite technology; cellular solutions; long-term evolution solutions; and, today, people talking about moving signals down electric wire.

Mr Greg Knight (East Yorkshire) (Con): I am grateful to my hon. Friend for giving way; I am sorry if I am a minute early according to his guidelines! If there is one message that we all want the Minister to take away from today's debate, is it not this? Communities that are geographically isolated should not be allowed to become digitally isolated.

Rory Stewart: That is a fantastic point. Of course, the complexity of what the Government are dealing with is astonishing. It is not just topography or technology; it includes cost, legal issues such as European state aid regulations, and issues such as the spectrum auction, which I hope to come on to briefly.

May I make a little progress for another minute and a half before I take any more interventions? This project owes an enormous amount to ministerial leadership—not just that of the Minister, but of my right hon. Friend the Secretary of State and the Department for Environment, Food and Rural Affairs—and has seen enormous progress to date. However, it is a revolution in methodology and procurement. People are having to push boundaries on procurement and methodology that would have been unimaginable 11 months previously. People are having to be much more flexible. Instead of going for big, framework, county council solutions, they are having to respond, often parish by parish, to very different technological solutions within a single area of 100 square miles. That involves risk. It involves generous investment by the Government. It involves piloting measures.

What does this mean? For the new policy, it means three lessons. We need to share the lessons from all the pilots much more effectively around the country. I hope that this is the beginning of a series of Westminster Hall debates—if anyone has the patience—in which we can take the lessons further. We need to look much more seriously at finance. Of course, there is great inspiration from the United States in the 1920s and '30s, when a dedicated bank was set up for communities to electrify rural areas. The green investment bank is a good beginning for our Government in that direction. The big society bank is another good beginning. I would like to see finance facilities available specifically for parishes and communities to be able to move ahead with their own broadband.

The final issue is the rural spectrum auction. We talk a lot about broadband. We must think about mobile coverage. An Ofcom consultation is taking place at the moment. Ofcom is pushing only for 95% coverage for this spectrum. We need to shove it up from that, because 95% coverage will mean that most of the areas represented in this Chamber will not be covered. On those grounds, I will take my second intervention.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Does my hon. Friend agree that now is an excellent time to urge the Minister to address the twin problems of broadband and mobile phone coverage, not one or the other and not even sequentially, because in rural areas it would be impossible to deliver on the big society pledge without both those issues being addressed?

Rory Stewart: Absolutely.

Jesse Norman (Hereford and South Herefordshire) (Con): I would like to reinforce a suggestion that has already been made twofold; I echo both suggestions that have been made so far. We have had a second summit in Herefordshire. We have been one of the very fortunate recipients of the first pilots, for which I am

enormously grateful to the Minister and to officials. The overwhelming feedback that has come through has picked up both the mobile point and the point about 100% coverage in rural areas. That is regarded as the basic requirement. There is a sense of digital entitlement that will not be thwarted. That means an interesting mix of technologies, which takes us that final mile to the person who is living in the mountains.

Rory Stewart: Those were two very important and effective interventions. Mobile telephone coverage is better in Kabul than in Cumbria. Any of us who travels around Europe will find that the coverage is much better in the Norwegian fjords than it is in Cornwall or Wales. That really matters for us.

Anne Marie Morris (Newton Abbot) (Con): I endorse what my hon. Friend says about coverage. In Devon, my part of the world, 9% of people have either no coverage at all or less than 2 megabits per second, which is horrendous, and 22% of rural businesses say that without superfast broadband, they are going to move nowhere fast, so it is imperative that we take action on that.

Rory Stewart: I thank my hon. Friend very much. On the point about mobile coverage, the statistics on coverage are very dodgy. In the Ofcom consultation document, there is a shocking paragraph in which it says, "We do not have the methodology to work out exactly what the current coverage is in rural areas and therefore it is difficult for us to factor into the auction what the economic benefits will be of achieving 100% coverage in rural areas." Therefore, Ofcom is saying that it is likely to push ahead with a lower coverage obligation, not on the basis of any research but on the basis of an assumption that research would be difficult and that the results would be unquantifiable. I do not think that anyone in this Chamber thinks that that would be acceptable.

Neil Parish (Tiverton and Honiton) (Con): As another Devon MP, I would like to reinforce what my hon. Friend the Member for Newton Abbot (Anne Marie Morris) said. We have beautiful countryside in Devon, but we also have very poor roads. Therefore, if we had good, fast broadband, many of the businesses could remain in the area and could be built up, along with all the health and education needs being met. This is about delivering competitive broadband throughout rural areas. I urge the Minister to ensure that when bids are being considered from various areas, Devon is given a bite of the cherry.

Rory Stewart: To finish on mobile coverage, the rural spectrum auction will be essential. As people are aware, a big auction of 4G is being consulted on at the moment. That includes very exciting spectrum that comes from the digital switchover. That is spectrum that allows us to push signals a very long distance, but perhaps not so many data down those signals. That is the kind of spectrum that we would like to get for rural areas. Everyone in this Chamber who can join us in pushing the Government from 95% to perhaps 98% in the rural spectrum auction and pushing back against the Treasury, which will say that it will not receive as much money from the mobile phone providers if that kind of rural requirement is put in place—

Dr Thérèse Coffey (Suffolk Coastal) (Con): On that point, I could not agree more with my hon. Friend. There is a risk that the Treasury will demand a high price now, but it will cost a fortune later, when we are reliant on delivery of services, as he described, through the use of mobile broadband. The cost of putting in extra provision then will cost the country so much money that we will be told that we cannot afford to do it.

Rory Stewart: Does anyone else wish to intervene on mobiles?

Mr Richard Bacon (South Norfolk) (Con): My hon. Friend reminds me that when I was in the mountains of Kyrgyzstan, I noted that coverage was much better than in South Norfolk.

May I point out that six of the Members here for this debate were here for the previous debate on pig farming? They stayed because we all represent isolated rural areas, and many of the problems that we face apply not only to agriculture but to broadband. Does my hon. Friend agree that what was said about the Treasury is particularly important? Getting it right, and getting 100% coverage, will enable the kind of economic growth and the extra tax base, with more tax being paid by rural communities, that will do a great deal to get us out of the present economic hole in which we find ourselves.

Rory Stewart: That is a brilliant point, and a very good one to make about the Budget. The Budget focuses above all on two things—what we are doing with fuel and what we are doing for small and medium-sized enterprises in trying to support exactly the sort of businesses that exist in our areas. Without superfast broadband and mobile coverage, it is difficult to understand how they will flourish.

Mr Graham Stuart (Beverley and Holderness) (Con): I am grateful to my hon. Friend for giving way. As usual, he speaks powerfully and succinctly. He spoke of pushing the Government to go from 95% to 98% in the auction. Is there any reason why we should not aim for 100%—that we set it out as a universal service base?

We in the House should send a clear message to the Minister and others that unless there are overwhelming financial or technical arguments against it we should look for 100% coverage. We have long had universal post, but universal digital access is more important than the post ever was. Perhaps we need to send that signal, and ensure that Ministers cannot chivvy away at a few percentage points on the side.

Rory Stewart: My hon. Friend makes a powerful and important point. The answer must distinguish between broadband coverage and mobile phone coverage. We have a universal commitment for broadband coverage, and we are pushing for a 2 megabits universal service commitment by 2015, but mobile phone coverage is not in place. Were we to push for 100%, as my hon. Friend the Member for Hereford and South Herefordshire (Jesse Norman) suggested, instead of the mobile telephone companies paying the Treasury for that spectrum we would end up with the Treasury paying them to take it. It is perfectly possible, as was suggested, that we could make a powerful economic argument to the Treasury on

[Rory Stewart]

why it might make sense for the Treasury to pay mobile telephone providers to take it, but to do so we would need some very robust figures.

One sad thing about the Ofcom debate is that we do not yet have a group powerful enough to put those figures in place. Such figures would prove that 92% of those businesses in Penrith and The Border that employ fewer than 10 people would benefit enormously. In addition—this applies in all our areas, because many retired people live there—applications for telemedicine and telehealth with mobile phone coverage are much more exciting than those that currently exist on broadband.

Neil Carmichael (Stroud) (Con): I want to say how important it is for businesses to get proper access to broadband and mobile coverage. I would add that in rural areas, it is good to facilitate independent living through good communications. That is another aspect to be considered.

Rory Stewart: I am aware that I should be coming to a conclusion, but at the end of my speech I shall draw together some of these interventions. The lessons show that it will be difficult.

Jason McCartney (Colne Valley) (Con): I thank my hon. Friend for giving way—and for having his finger on the digital pulse, given the number of Members packed into the Chamber. I do not know why we are not having an hour-and-a-half debate, although I suspect that my hon. Friend tried for one.

We heard in the Budget that superfast broadband will be a big benefit for enterprise zones. I am in a rural community, and my businesses were badly hit in December because of the heavy snow. Andel, a firm that is based at the top of the valley in Marsden, wanted to Skype when doing business with eastern Europe, but it could not; the firm raised the matter with me a couple of weeks ago. Can we try to ensure that the money that is raised—something mentioned by my hon. Friend—is ring-fenced, and that some of the funds raised through the 4G auction are invested in the superfast broadband network?

Rory Stewart: I give way again.

Karl McCartney (Lincoln) (Con): My hon. Friend may not be aware that below Lincoln are urban areas, within the constituency but outside the city boundary, and including Bracebridge heath, that still have problems with a lack of suitable broadband provision. All Conservative councils, particularly North Kesteven district council and local Conservative Councillor Mike Gallagher, have been active in seeking to resolve the matter, and have established a good connections group as part of the Lincolnshire sustainable community strategy. Indeed, they have applied to BDUK—Broadband Delivery UK—for pilot scheme funding to improve the provision of broadband in those areas. Does my hon. Friend agree that we need to work together to improve our constituents' access to suitable broadband connectivity and to enhance the competitiveness of businesses in our constituencies?

Rory Stewart: Absolutely. I give way once more.

Julian Smith (Skipton and Ripon) (Con): I am a little concerned that my hon. Friend is about to finish his speech, because I would like briefly to pay tribute to his leadership on this matter, on which he is the most knowledgeable person in the House. I hope that Cumbria, together with north Yorkshire, will build the arc of superfast broadband across rural northern Britain.

Before he concludes, will my hon. Friend talk a little about the responsibility of communities in dealing with the matter? I am concerned that the debate has gone a little too far towards Government solutions and council solutions. He has played an exceptional role in getting communities motivated. How does he do it?

Rory Stewart: I give way to the hon. Member for Newcastle upon Tyne Central (Chi Onwurah).

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I thank the hon. Gentleman for giving way, and I congratulate him on securing this debate. Will he adequately distinguish between superfast broadband and the kind of broadband that small businesses need in order to make the economic difference that we all want them to make as quickly as possible? The Government do not always distinguish between broadband, which enables small businesses to offer their services to the entire world, and superfast broadband which may have economic benefits in future that have yet to be fully quantified.

Rory Stewart: I now give way to my hon. Friend the Member for Mid Norfolk (George Freeman).

George Freeman (Mid Norfolk) (Con): I thank my hon. Friend for giving way, and pay tribute to his leadership in this important field. He mentioned the Treasury, and I wish to speak about the payback potential of such investment.

As with so many infrastructure matters, the payback is enormous, and I urge the Minister to make the case to the Treasury. The Chancellor gave a stunning Budget today, outlining investment in East Anglia—for science in Norwich and Cambridge and for the A11. It could herald a renaissance of small business and high technology, but it will not happen without good broadband. With it, we would be paid back in spades—it would pay huge dividends to the Treasury. Somehow, we must find a mechanism to anticipate that growth, using it now to fund the infrastructure that will feed it.

Rory Stewart: I give way to my hon. Friend the Member for Hexham (Guy Opperman).

Guy Opperman (Hexham) (Con): I represent undoubtedly the most remote and hard-to-please area. The Minister must understand that there is a way forward, provided that we harness the efforts being made for existing communications. If we do so, there will be a great addition.

Rory Stewart: I give way once more.

Andrew Bingham (High Peak) (Con): My hon. Friend is generous in giving way. He started the debate, but he has not had time to speak. Does he concede that we are talking about rolling out broadband to rural businesses to help support them? If we do not do this, businesses will leave rural areas for urban areas and end up exacerbating rural deprivation.

Pamela Nash (Airdrie and Shotts) (Lab) *rose—*

Rory Stewart: I give way to the hon. Lady.

Pamela Nash: Does the hon. Gentleman agree that the Government have so far concentrated on fibre-optics as being the answer to the problems of all rural communities and broadband? Does he agree that we should diversify that money in the next spending round?

Rory Stewart: I thank all who have intervened. I shall try to conclude in 60 seconds, and I shall take no more interventions. I thank the hon. Member for Airdrie and Shotts (Pamela Nash) for what she said, and all who intervened on the subject of communities, because I wish to conclude by mentioning those two factors.

The Government are handling two complex issues. One is how to deal with a rapidly changing technological picture, where the fibre-optic investment that seems sensible this year may seem less sensible, than the 4G investment next year, or moving signal down an electric wire the year after.

The most important thing is not just the flexibility with technology or, indeed, the distinctions that the hon. Member for Newcastle upon Tyne Central drew between the 2 meg access many businesses want today and the superfast access they might want in future but the question of communities. Our procurement processes have tended to be very centralised and one size fits all, of which Cornwall was the absolute epitome, with more than £100 million being spent on an area of 1,000 square miles and delivered through the county council with a major telecoms provider.

As my hon. Friend the Member for Skipton and Ripon (Julian Smith) suggested, it is essential that we give parishes a voice. Parishes and communities will provide financing and labour, they will waive wayleaves, they will dig their own trenches and they will connect their own fibre-optic, allowing us to achieve much broader coverage and much faster speeds in a fraction of the time. That will be possible only if the Government hold their nerve, resist the temptation, often from county councils, to spread the money thinly across a large area and allow genuine pilots in response to communities. That requires the commercial sector to be more flexible, allowing communities to connect to their point of presences. Data charging rates must be reasonable, and if the community digs and installs the fibre it must not be charged as though the commercial provider had dug it.

The Government are absolutely on the right track with those huge challenges.

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): I wish to reinforce my hon. Friend's argument. I have a cautionary tale from my own patch, in the parishes of Over Wyresdale and Quernmore. The community, which is prepared to do the digging and where farmers are on board, made a bid, but it has been swept into a county-wide European regional funding bid involving a national internet provider. It will not get what it wants and will lose all the economic benefits of a community doing things for itself. The service will be far more costly and will deliver less than the community could do itself.

Rory Stewart: On that note, I will conclude by making four points: first, huge thanks to the Government; secondly, in the spectrum auction we must push for much broader coverage of rural mobile; thirdly, there must be much more flexibility for communities in procurement; and, fourthly, I wish everyone good luck.

I thank you, Mr Bayley, for your patience during this rather eccentric debate.

4.22 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I am grateful for the opportunity to serve under your chairmanship, Mr Bayley. May I say what a lovely time I spent in your constituency visiting the National Railway museum, which was placed in York by Margaret Thatcher, who pioneered the role of culture in urban regeneration? I know that you will want to acknowledge that.

I thank my hon. Friend the Member for Penrith and The Border (Rory Stewart) for initiating the debate. With a one-line Whip on a Wednesday afternoon following the Budget statement, I had expected a quiet discussion between him and me, but I should have known that when he is involved in something it always becomes much bigger than it says on the paper.

I pay tribute to my 17 Conservative colleagues who have turned up and to the hon. Members for Airdrie and Shotts (Pamela Nash) and for Newcastle upon Tyne Central (Chi Onwurah), who is no longer here, but who is a former Ofcom employee and perhaps should be lobbied by hon. Members on rural mobile coverage. Having heard interventions from Carmarthen, Herefordshire, East Yorkshire, Suffolk, Norfolk, Gloucestershire, Devon, Lincolnshire, Northumberland and Lancashire, no one can doubt rural communities' desire to achieve broadband roll-out. Although it would be iniquitous to pick a single example, I pay tribute to my hon. Friend the Member for Stroud (Neil Carmichael) for the simple reason that my wife was born in Stroud. In fact, her birth appeared on the front page of the Stroud newspaper because she was born on new year's day—but enough of that.

I concur with my hon. Friend the Member for Penrith and The Border, who praised me and the Secretary of State for the work we are doing on broadband roll-out. We have managed to purloin £530 million to help to fund broadband roll-out. It is important to make the point that that is specifically for places where the market will not deliver. The broadband for about 66% of the population will be delivered by the market—I understand the tone of the debate; that will broadly be BT and Virgin Media—but the rest of the money is set aside for mainly rural communities.

I also concur with my hon. Friend in his praise for key officials—Rob Sullivan, Mike Kiely and all the others who work so hard at Broadband Delivery UK, as well as officials now at the Department for Culture, Media and Sport supervising the process. They have worked intensively with local authorities. Four pilot areas, three of which are represented in the debate, are about to go out to tender. A second wave is on the stocks; 11 areas have already expressed an interest and there are two more days for a local authority or local community to express an interest in bidding for broadband delivery. Hon. Members are free to speak to any areas that have not yet expressed an interest in bidding, and we hope to announce the next wave towards the end of May. We are also working closely with the devolved Administrations of Scotland, Wales and Northern Ireland to ensure that this is a United Kingdom initiative.

[Mr Edward Vaizey]

I am confident that we will soon make rapid progress. The pilots have been extremely important for Broadband Delivery UK in understanding and learning about the tendering process, and although people might feel that it has taken some time, the hard work of the four pilots—the vanguard—will ensure that future pilots are taken forward much more quickly in understanding the tendering process and in continuous learning following the tendering process, as we begin to dig holes in the ground to lay broadband.

A number of other key points were made. To a certain extent, the debate morphed into a discussion of mobile coverage. I want to make these points. I stress that the pilots and the future waves of broadband delivery are technology-neutral. The best broadband is probably delivered by fibre, but there will be other solutions in some rural areas, such as digital fibre points, whereby WiMax will take the broadband further, and mobile solutions. There will also be satellite technology solutions.

Rural mobile coverage is extremely important. Ofcom has begun its consultation on the auction of 4G spectrum. I ask hon. Members who bump into the chief executives of the four chief mobile operators to urge them not to turn to their learned friends and litigate with the Government over the rules. We are anxious to get the spectrum out there; it has been a protracted process. We are very aware of the needs of rural coverage, and I am discussing with Ofcom how we ensure that it is available under the spectrum allocation. Let us not forget that spectrum allocation is important to the whole UK and to the UK economy, especially with the rise of the smart phone.

I hear what my hon. Friend the Member for Penrith and The Border says about the possibility of broadband roll-out being a big government solution. He will know that I am extremely anxious to see community broadband solutions, but—perhaps this is pushing back on my hon. Friends—but they are in a position to sit down and discuss with their county councils the best way forward on the bidding process. It is easier for a county council, perhaps with its own money and additional money from Europe, to seek match funding from the Government, but its tender need not be a big company or big government solution and can include community broadband solutions.

The key is to ensure that community broadband solutions are technically joined up so that that network can be available for other users. Should, for any reason, a community broadband operator fall away, that network would still be available to be used and integrated into the county-wide network. I urge my hon. Friends who, on behalf of their constituents, have rightly expressed an interest in rural broadband to discuss with their county councils how they are bidding, urge them to put in place one or two people who will lead the process full time and ensure that community and parish voices are heard in proposing the solution.

The debate has shown that the broadband initiative is gaining real momentum. The Government have put in place the money. We are also putting in place deregulatory initiatives—for example, on deployment of broadband across telegraph poles for the first time and on wayleaves. We are anxious to work. Towards the end of the year, we will begin to see a process whereby counties, when they are ready, can simply come to us with a proposal and, I hope, some funding of their own, which we will be in a position to match.

Hugh Bayley (in the Chair): I congratulate the Minister on getting so much of his speech into the time available.

Disability Living Allowance

4.30 pm

John Robertson (Glasgow North West) (Lab): I will give colleagues leaving the previous debate an opportunity to sneak out—I am sorry that they cannot stay.

I am delighted to have secured this debate and I look forward to hearing the Minister's reply and her comments on the wider issues that I am about to raise. There is probably no better place to begin debating disability living allowance than with the mobility component for blind people. An amendment that I tabled to the Welfare Reform Act 2009 and that will come into force in April will enable blind people to claim the higher mobility rate component of DLA. However, if the Government go ahead with the proposals in the consultation on a new assessment for DLA to remove the amendment that I successfully tabled to the 2009 Act, about 20,000 blind people across the UK could lose out. That means that 20,000 blind people in the UK, including 2,000 blind people in Scotland and 300 in my own city of Glasgow alone, could lose access to the higher rate mobility component DLA. That means they would lose at least £1,500 a year. That is a considerable sum for anyone, but it is a vital lifeline for blind people, who generally come from poor backgrounds.

The public consultation by the Department for Work and Pensions on DLA reform, which was published in December last year, raised concerns about the issue. The specific threat to the DLA mobility component appears in point 6 on page 4 of the document, which says:

"Currently individuals on DLA with certain health conditions or impairments are automatically entitled to specific rates of the benefit without a full assessment. We propose that for Personal Independence Payment there are no automatic entitlements, other than the special rules for people who are terminally ill. Instead, each case will be looked at individually, considering the impact of the impairment or health condition, rather than basing the decision on the health condition or impairment itself."

Mr David Hamilton (Midlothian) (Lab): Can my hon. Friend think of a way in which a blind person's condition can improve? Why is there a need for a review?

John Robertson: My hon. Friend makes a good point and I will use a couple of cases as examples as I go through my speech.

On page 37 of the DWP consultation document, there is a list of automatic entitlements that the Government propose to remove, including one for blind people—the "severely visually impaired". That entitlement was brought in as result of my amendment to the 2009 Act. The DWP consultation posed many more questions than it answered. We learned that the assessment for the new personal independence payment, which I will call "PIP", will

"prioritise support on those individuals who face the greatest day-to-day challenges and who are therefore likely to experience higher costs."

However, that wording was sufficiently vague that it could be overshadowed and interpreted in the light of other developments. Rules on eligibility would be restricted in such a way as to question the ongoing entitlement of disabled people in receipt of the lowest rates of the care and mobility components. PIP would consist of a mobility and daily living component, but unlike the existing care component, the new daily living component would comprise two rates, not three. An individual's adaptation to their impairment would be taken into account in determining entitlement to PIP, presumably as a cost-cutting exercise.

I will not deal now with the plans to remove DLA mobility from individuals in residential care, as those plans were the subject of another Westminster Hall debate that was secured by the hon. Member for Arfon (Hywel Williams). I will simply add that it is reassuring that the Government will review mobility provisions for people living in care settings, but I still note the intention to remove DLA mobility for people in residential care in 2013, albeit one year later than originally proposed.

One of my most serious concerns relates to the Government's plans to end automatic entitlement to DLA for people who clearly ought to have it, including the higher mobility component for people who have severe mental health problems, who are deafblind or are severely visually impaired. Individuals with those disabilities, along with people who are double amputees, automatically qualify for the higher rate, because they meet the strict criteria on the severity of their impairment.

That automatic entitlement is a clear and administratively efficient way of identifying disabled people with the highest level of mobility needs. In future, each case will be looked at individually, except the cases of people who are living with a terminal illness. Organisations for disabled people tell me that they do not believe that that is a sensible approach, as it will increase the costs of assessment while leading to the same outcome as the original system, and people with the most severe impairments will still receive the higher rate of benefit.

As I have mentioned, in three weeks' time, more than 20,000 people in the UK with severe sight loss will be entitled, for the first time, to the higher rate mobility component of DLA and they will receive the extra £30 a week that they need in their pockets to maintain a decent quality of life. I tabled my amendment to the 2009 Act in the first place because of my strongly held belief that there is no good reason for discriminating between someone who faces physical barriers to mobility and someone who is unable to move around safely and independently as a result of blindness.

I want to tell the Minister about one of my constituents, as his case was the one that spurred me on to table the amendment to the 2009 Act in the first place. Alan McDonald has been blind from birth, has orientation problems and faces huge hurdles in getting around. He is unable to use public transport because of his difficulties in getting on and off buses and trains. Either he has to spend his other benefits on taxis, although they are meant to provide other support, or he is forced to rely on his sister to give him a lift to wherever he needs to go; otherwise, he has to stay at home.

Alan's blindness is not the only barrier to his mobility. For example, when I tabled the amendment to the 2009 Act he was awaiting a second kidney transplant and was due to undergo surgery for hardening of the arteries. Despite all those difficulties, however, he was told on several occasions that he simply did not qualify for the higher-rate mobility component of DLA, because he was physically able to walk. Yes, he could walk—he

[John Robertson]

could walk into wheelie bins, or into a set of traffic lights, or even into the middle of the road where he would be knocked down; but he could walk, so he did not get the money.

The barriers that Alan faces are just as great as those faced by someone who cannot walk, and the current situation is nonsensical. I believe that the Minister has to consider such things. It is unbelievable that somebody with such disabilities might not receive the higher rate of disability allowance in two years' time, having finally received it after all these years.

Blind people such as Alan are justifiably angry about the discriminatory and unfair treatment that they receive, but they will feel even angrier and let down when the DLA mobility component, which comes into being in April, is taken away from them in just two years' time. That will put them back to square one.

Many charities have contacted me because they are alarmed about the Government's proposals. For example, the Guide Dogs for the Blind Association is concerned about the proposal that PIP should replace DLA. In particular, the association is concerned about the proposal in the DWP report on DLA reform proposals to

"take greater account of aids and adaptations".

Taking into account the use of aids and adaptations when assessing eligibility could inadvertently penalise an individual who uses such equipment to try to reduce some of the difficulties that they face as a disabled person.

Mr Andrew Smith (Oxford East) (Lab): I commend my hon. Friend's campaign and the passion with which he is putting a very powerful case. Has he been contacted by the National Autistic Society? I ask that because there is enormous concern on the part of those who care for autistic people and those with family members who are autistic, as DLA is crucial for communication, travel and services for autistic people. It is crucial that access to DLA be retained for autistic people as well as for the other people whom my hon. Friend has mentioned.

John Robertson: I thank my right hon. Friend, who has more than a little reputation of looking after these people, both as a Minister and as a member of the previous Government. I congratulate him on the work that he has done. I have been contacted by so many groups that I could not possibly name them all in my speech today. If I miss any of them out, it is not because I want to do so, but because my speech is time-limited, but yes, I have received correspondence from the National Autistic Society and I thank my right hon. Friend for his input.

Any reduction in disability-related benefits simply because of someone's access to equipment could significantly inhibit their efforts to lead a more independent life. Disability-related benefits enable people not only to live independently, but to participate in community activities. Such community engagement could include volunteering, which is a core component of the big society and could help someone to gain skills and experience that could enable them to go on to seek and obtain work.

Several wrong assumptions could be made about the effectiveness of aids and adaptations. They might work for some individuals, but others might struggle with them. Issuing someone with a cane or a low-vision aid such as a monocular, does not necessarily mean that that person will continue to use it, or use it correctly. Even if the aids and adaptations are used appropriately, they are likely to have only limited uses. For example, a liquid level indicator might help someone safely to make a hot drink, but it will not make it any easier for them to make a meal to go with that drink. How will the Government help these people?

I know of another gentleman, David Griffith from Walthamstow in London, who receives the mobility component of DLA because he is deafblind, like Alan. He uses his DLA to pay for taxis, and for other support in getting out and about. He also tries to walk in his local area, and has recently applied for a guide dog because he has had a few near misses with cars of late. However, having heard a feature on the BBC Radio 4 programme "In Touch," he is now worried that becoming a guide dog owner might result in the removal of his DLA. Under the proposals, a guide dog would enhance his life and make him safer in one element of his mobility, but he would never have the independence that sighted people have. He would not be able to jump out of the way of the car that was about to hit him, and he might travel on a bus that he did not mean to get on in the first place.

Yvonne Fovargue (Makerfield) (Lab): Does my hon. Friend agree that something else that is hitting people is the proposed extension of the waiting period for DLA from three to six months? A constituent came to me who had been blinded in a road accident and was considering adaptations. He faced the cost of those straight away, and under the proposal he would have to wait even longer for the money.

John Robertson: My hon. Friend makes a very good point. She is absolutely right, and perhaps the Minister could reflect on the impact of that increased period on people who do not have the extra time to wait. They need the money now, not in six months' time. There is a danger that people like David will turn down help such as that provided through mobility training with a guide dog or a cane for fear of losing a benefit that they would still need, with or without the mobility aid. What does the Minister propose to do for Alan and David and people like them?

In conclusion, the Government state that 3 million people receive DLA and that the budget will reach £12 billion, and they draw the conclusion that the benefit is not fit for purpose. I wonder whether a better conclusion would be that the benefit rightly reaches the millions of people it is supposed to help. Reform might be necessary, and disabled people have expressed themselves on the changes they would like, not least shorter application forms in line with their disability and, of course, quicker receipt of the money. Are we not in danger, however, of going so far with the reforms that we lose sight of what DLA was originally set up for? DLA is there to assist people with disabilities that make life more expensive. It is there to help people stretch their incomes that little bit further, so that they can achieve the levels of independence and enjoy the opportunities that their

non-disabled peers take for granted. Are we really saying that a fifth of today's case load is no longer in need of that support? Have we really examined how the reforms will exacerbate disability poverty? Those questions are, in my view, central to this debate on the Government's plans for DLA.

I hope that the Minister listens to and answers my questions. Let me reiterate some of them. Will the Government confirm that their intention is to revise this policy, which has been hard fought for and pursued over a number of years by parliamentarians on every side? Will the higher rate mobility component for individuals with severe visual impairments be awarded for just two years? Have the Government modelled the net loss of household income when individuals lose entitlement to DLA, and does their equality impact assessment acknowledge the lack of social care and other support for people with less complex needs? How much will that cost? What steps will the Government take to ensure that the assessment for PIP is not just a cost-cutting exercise but is fair and accurate, especially with regard to its suitability for people with fluctuating or mental health conditions, and those with lower-incidence conditions? At a time when the Government wish to tackle bureaucracy and simplify the benefits system, how can it make sense to insist that all disabled people, including individuals who evidently have severe needs, undergo regular reassessment?

I am calling for greater clarification on what impact the 20% cuts will have on determining who will be eligible for the new PIP and at what level. Will people who qualify for the lowest rate of DLA qualify for PIP under the new system? Will the Government ensure that those who qualify for the higher rate mobility component because they are deemed to have severe blindness can continue to receive PIP via that route? Finally, will a comprehensive training programme on blindness be made available for assessors for PIP? I look forward to the Minister's answers.

4.46 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): It is a pleasure to serve under your chairmanship of this very important debate, Mr Bayley. I congratulate the hon. Member for Glasgow North West (John Robertson) on securing both the debate and the attendance of so many Members when the Budget debate is taking place in the Chamber. I welcome the opportunity to set out again some of the facts to counter some of the assumptions that have been made, not only by organisations but by some people who have been listening to the debate thus far. I hope that the hon. Gentleman's questions are answered in my comments, but if he feels that any of them need to be further investigated I will be very happy to do that with him separately.

I would first like to ensure that it is very clear to Members that the Government are not talking about a 20% cut in the current case load, but about ensuring that the budget for DLA is kept under control in the future, and that the rate of increase that we have seen—some 30% in the past eight years—does not continue as steeply. That is important, because the misunderstanding about how the budget works has caused great distress among my constituents, the hon. Gentleman's constituents and, I am sure, other Members' constituents.

John Robertson: Will the Minister accept that the impression is that it is the budget and not the people who have the disabilities that will determine how much people get? It is not possible to budget for people with disabilities, but if we do we have to say, "We're going to let only so many people get disability allowance."

Maria Miller: I am sure the hon. Gentleman knows that the Government have to make difficult decisions in many areas, not only regarding how much we spend to support disabled people. At a time of financial crisis, as a result of the problems with controlling costs under the previous Administration, we have to make tough decisions, but the decision that we have made is that we want to support the most vulnerable people through DLA and its successor, and also through many of the other benefits that we have. The introduction of universal credit will do a great deal to support those people in the hon. Gentleman's constituency, and in mine, who are disabled.

Pamela Nash (Airdrie and Shotts) (Lab) *rose—*

Maria Miller: Perhaps the hon. Lady could let me make a little progress.

Pamela Nash: It was on that point.

Maria Miller: I shall just make some progress.

The hon. Member for Glasgow North West has long battled to change how blind and severely impaired people are treated under the old DLA regime, and that serves as an excellent example of the shortcomings evident in DLA because of its complexity, poor targeting and inflexibility. I certainly applaud his determination to get the support that disabled people need. The failure of his constituent to get the support that he needed through DLA is a great example of why we need reform.

If the hon. Gentleman had not had to deal with the faulty framework of the DLA in the first place, it might have taken him slightly less determination, and slightly less than two years—some people might say less than 10—to make the changes in primary legislation and then in regulations that were needed to get the present measure supporting severely visually impaired individuals on the statute book. That is why we are taking a fundamentally fresh approach to dealing with that area of benefits through the personal independence payment, so that we can adjust it and the assessments through regulations in the first instance and maintain the flexibility required to ensure that the benefit reflects people's experiences and is adaptable enough to cope with the dynamic nature of society's response to disability.

The personal independence payment has been designed with the support of disabled people and specialists to provide an objective assessment and ensure that we can help disabled people overcome the barriers that they face to living full and independent lives. That means looking past broad categories of impairment and labels and instead treating people as individuals. In doing so, we must consider the impact of all disabilities: not only physical disabilities—some criticise the DLA for favouring people with physical disabilities—but the mental, cognitive and sensory impairments that many of us know need more support. The right hon. Member for Oxford East (Mr Smith) mentioned individuals dealing with autism.

[Maria Miller]

Some people deal with multiple disabilities as well. That is the only way for us to deliver targeted benefit that is fair to all those who need extra help and who face the biggest challenges leading independent lives.

The personal independence payment also addresses yet another of the many weaknesses of DLA. The DLA assessment for the higher rate of mobility component, on which the hon. Member for Glasgow North West focused, is framed in the rather simplistic medical context of whether the person can walk. In practice, that means that people facing broader issues involving mental health problems, learning disabilities or sensory impairments such as blindness could be left, as they have been, disadvantaged under that narrow definition. With the introduction of PIP, what we want to ask is not simply whether people can walk but whether they can get out and about, plan a route and navigate from A to B, because that is the challenge that disabled people face.

John Robertson: I understand what the Minister is trying to say, but just because I can plan a route does not mean that I can go that route. We are trying to help people who have been assessed as unable to work, but who might be able to work if we can get them to the right place. My constituent Alan can work at a computer, but first he must get there, and the only way for him to do so is for somebody to be with him. He must get a lift, and he must be accompanied. If people have no one to do that for them or cannot afford a taxi, it cannot happen. The money that Alan gets is vital, and he is not alone. There are lots of people like him all over the country. Why must they be reassessed all the time? They know what they are like. They have been through the system already.

Maria Miller: The hon. Gentleman raises several issues. DLA is not an out-of-work benefit. People in work can claim it, as they can claim access to work, which can also help them. However, I think his fundamental point is that we must recognise the true barriers that people face, not simply say that because they have a particular impairment they should receive a particular rate. We must understand the realities of their lives. He has made that point clearly on behalf of his constituent. I agree absolutely. That is how we are designing the personal independence payment. We are not saying that if somebody has a particular condition, their assessment should have a particular outcome; we are doing what he has done and considering the impact on people's lives. I do not think that DLA does so.

The hon. Gentleman mentioned aids and adaptations. We must ensure, again, that we do not try to squeeze individuals into a one-size-fits-all box. That is doomed to fail, as he has pointed out. We need to consider how people can use aids and adaptations to improve how they live. We cannot simply ignore or discount aids and adaptations; the taxpayer pays £250 million a year for them. The main point is that if we do not consider how people actually live, we will never be able to provide more targeted support. What has happened is an extrapolation of what that might mean for the assessment process. I am not saying that we will include the imputed value of an aid or adaptation as a part of the assessment process. We are asking what day-to-day adaptations help improve people's ability to live an independent life. The hon. Gentleman mentioned the example of guide dogs. I will explain why the issue is not being understood as well as it needs to be.

I assure hon. Members that we have absolutely no intention of penalising visually impaired people who can get out and about and live independently only with the help of a guide dog, largely because the activities that the assessment is likely to consider are not activities with which a guide dog can necessarily help. Guide dogs are extremely intelligent animals, but they do not help people eat, drink, manage their personal care, take treatments or communicate. Well, some of them help people communicate, but in a different way. Although guide dogs help people get out and about, they do not in themselves improve an individual's physical ability to walk or to plan a journey. I hope that reassures the hon. Gentleman that there is little opportunity for someone who uses a guide dog to feel that they will be penalised for making that important adaptation.

Another aspect on which we have been asking for people's thoughts in the consultation is whether we could use the new personal independence payment assessment as an opportunity to signpost people to additional support and help, or a touch point for getting people the help that they need. I hope that the hon. Gentleman will agree that we should not miss such an opportunity. Too often, disabled people do not get treatment for all the conditions with which they must cope. The assessment is an opportunity.

Jason McCartney (Colne Valley) (Con): I congratulate the hon. Member for Glasgow North West (John Robertson) on securing this important debate. Does the Minister agree that it is important, having heard some of the details in this debate, that we cut through the myths, worries and concerns about the changes and stress the point that personal independence payments will bring more targeted help to those who really need it? As a result, many people will get more help than they do at the moment.

Maria Miller: My hon. Friend could well be right. The assessment is being finalised. We want to ensure that support reaches people. I like to say that it is about getting help to the people who find it most difficult to live the independent lives that they would like. That is a positive way of thinking of it. Some of the evidence that the Public Bill Committee is hearing has applauded the positive nature of the personal independence payment. It is heartening to see it as a potential improvement.

Pamela Nash: I thank the Minister for giving way. She is being generous with her time, but I must say that her response so far has not filled me with confidence that my constituents who need the benefits to cope with their disabilities will still receive them, particularly as she referred immediately to deficit reduction when she responded to the earlier comments of my hon. Friend the Member for Glasgow North West (John Robertson). Can she make it clear whether a ceiling will be put on the benefits available, and therefore on the number of successful claimants of PIP?

Maria Miller: As the hon. Lady knows, any area of expenditure must work within a financial budget. We are putting the assessment first and foremost in order to

get it right for disabled people and ensure that the funding available reaches people such as the constituent of the hon. Member for Glasgow North West, who might have found it difficult to get support in the past because the DLA was invented some 20 years ago and perhaps does not reflect how we would like to think of disabilities today.

In conclusion, I hope that the hon. Gentleman is reassured that despite our differences in approach, we have a similar outcome in mind. We want to deliver a fair and affordable benefit system that serves the interests of disabled people and the communities in which they live. That is our starting point for DLA reform, and that is how we will ensure that disabled people have enough choice and control in their lives to live as independently as possible. I am determined that we will get it right and continue to provide the right support, targeted at the right people, in a way that is fair for everyone.

Question put and agreed to.

4.59 pm

Sitting adjourned.

Westminster Hall

Thursday 24 March 2011

[MR DAVID CRAUSBY *in the Chair*]

BACKBENCH BUSINESS

Coastguard Service

Motion made, and Question proposed, That the sitting be now adjourned.—*(Jeremy Wright.)*

2.30 pm

Sarah Newton (Truro and Falmouth) (Con): It is an honour to serve under your chairmanship, Mr Crausby. I congratulate all my colleagues from around the country—the whole of the United Kingdom—and from across the House who have turned up for the debate on a Thursday afternoon, which is definitely the graveyard shift. That underlines the huge importance of the issue to all of us and our constituents. I am pleased that we have secured a second debate in Westminster Hall so that hon. Members have the chance to let the Minister know their opinions on the Maritime and Coastguard Agency's proposals to reorganise our coastguard service.

I welcome the Minister's approach to the consultation process. He has listened to the concerns about the MCA's modernisation proposals and requested alternative proposals from coastguards. He has already visited several coastguard stations and received alternative proposals from coastguards directly. I look forward to welcoming him to Falmouth. I will not repeat what I said during the last debate about Falmouth's role in international rescue so as to allow more of my colleagues to make their points.

Every coastguard I have spoken to has stated that the service needs modernisation. The question is not whether to modernise, but how. Coastguard officers readily acknowledge the need to reduce the overall number of rescue co-ordination centres and are also ready to accept that reduced staff numbers come with that concept. There is a need to link the coastguard stations together.

However, in all the meetings that I have attended over the past few months, I have been struck by that willingness to change and the understandable disappointment that the small team in the MCA that developed the modernisation proposals did not work closely enough with its front-line coastguard colleagues. I have been surprised and disappointed by the inaccuracies in the consultation document and inconsistencies in answers to questions. Good policy can be made only with sound evidence that is open to public scrutiny. I shall go through some of the inaccuracies in the proposals, and I am sure that other colleagues will provide more.

The MCA's proposals state that modernisation is urgently needed, as the service was last reviewed 40 years ago. That is not a true reflection and is patently designed to give the impression that the coastguard is archaic and seriously out of date.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Will the hon. Lady give way?

Sarah Newton: Actually, I will not, as so many people want to speak. Sorry, Angus.

The service underwent a major review in the 1990s under Focus for Change. It was heralded at the time as the most detailed and thorough review for decades of the structures, work loads and running of the coastguard service. The coastguard service has experienced continuous technical improvements to advance and upgrade all its information technology and communications systems since then, and such an upgrade is being rolled out even now.

Coastguard officers recognise that modernisation is part of the natural development of the type of work that they carry out and are not averse to change. Historically, coastguard officers have been deeply involved in developing and refining a multitude of systems and programmes, and it is probably fair to say that many of those programmes would not work as they do today without that input.

Much is made in the document of the requirement for national resilience. The MCA proposal cites a scenario whereby both stations in the current pairing might suffer a failure and there is no further back-up. Has that ever happened? The answer is no. The technicians to whom I have spoken cannot envisage a situation in which such an event could occur. The coastguard station in Falmouth suffered a catastrophic failure when it was hit by lightning and was out of service for a period. However, our flank station at Brixham took over services by diverting all telephone lines, and contingency plans were in place to ensure that all international obligations were diverted to international colleagues to enable a normal service to be maintained. It worked, and it was resilient.

The senior coastguard told me that Falmouth suffers from fragile connections. I met with the members of BT senior management who have managed the communication links for the Falmouth coastguard for the past eight years. They said that there was no problem at all and foresaw none in the future.

The document also refers to paired stations being overrun with an increase in work load. Again, there is no evidence to support that. It is agreed that some stations can get very busy at peak times, but no station has ever suffered a loss of service as a result of being overrun. It is reasonable to assume that, for a proposal involving such major change, an extensive trial would have been set up to mimic the maritime operation centre and to establish what work load was expected and how—or, more importantly, whether—it could be managed.

Sir Menzies Campbell (North East Fife) (LD): Will the hon. Lady give way?

Sarah Newton: I will carry on so that the right hon. and learned Gentleman can get in to speak later.

The MCA confirms that the only trial that took place was a table-top exercise at the training centre with a handful of invited staff who walked through the scenario and analysed incident data. I am afraid that that does not constitute a valid trial of such an important proposal. At the very least, a valid trial should shadow the work load of multiple coastguard centres on a busy July day, monitoring incidents and all other routine working, to determine accurately whether it can be done and, importantly, how many staff are needed.

[Sarah Newton]

The MCA has announced that when the proposal goes ahead, technical trials—this time involving operational coastguards—will be held to see how and whether it can be made to work. Such trials should be conducted before any proposal is announced, not after it has been approved.

Throughout the modernisation proposal document, much emphasis is placed on new or refreshed technology, but it has been confirmed that the technology referred to will be current technology, but refreshed. It is not clear what that means. Technology has a habit of promising much and failing to deliver—look at the debacle of the fire service proposals. Technology also has a habit of haemorrhaging money. The proposed savings from the plan will be wiped out quickly if the technological budget balloons.

The MCA refers to new technology that will allow coastguards to carry out surveillance and long-range monitoring of vessels at sea, helping to prevent maritime incidents from occurring or minimising the impact of such incidents. I agree that we can now monitor ships, flag up those showing a history of mechanical or structural deficiencies and involve the survey branch of the MCA in scrutinising them as they approach our shores. However, it is not correct to imply that such surveillance will prevent incidents around our shores. Ships are fitted with a vast array of navigational and sensory equipment, but they still manage to run aground and collide with each other, break down, catch fire, lose people overboard, injure their crew and sometimes even sink. That risk will remain.

A significant criticism of the proposals is the concern that vital local knowledge will be lost if all operations are centralised. The risk assessment on the proposals states that operational postures will require officers to harvest local knowledge. That is an acknowledgement that local knowledge will be required, but in the MOC it will have to cover a vast area, which will be extremely difficult to achieve.

Coastguard officers around the coast are required to know their area and are examined every two years to ensure that they do. That is laid down in their operational manuals. Each operations room views its area as being under its ownership and makes it its business to have thorough knowledge of it. To lose that knowledge would be a retrograde step and could increase risks.

The MCA proposal states that local knowledge will be provided by volunteers from the Coastguard Rescue Service, the Royal National Lifeboat Institution and the National Coastwatch Institution. Again, that is misleading. Those organisations can assist with local knowledge after an incident has commenced, but the vital time for local knowledge is when the call is received. That responsibility lies with the officer running the incident and it is needed immediately. Serving officers do that now, and do it well, because of the knowledge that they have built up over many years. They use technology to confirm as required, but it is only a tool, not the primary method of defining the location of an incident.

I welcome the proposals' recognition of the importance of volunteers. When I first read the proposals, they made a compelling case. As a keen sailor and an MP representing a maritime constituency, I am very much aware of the volunteer Coastguard Rescue Service and the RNLI. I understand that if I were to get into difficulties sailing off the Isles of Scilly, it would be volunteers from the RNLI, or perhaps the Navy with helicopters from Culdrose, who would rescue me. I also know, however, that those volunteers come forward because they feel safe in the knowledge that the rescue missions in which they participate are co-ordinated by professional coastguards in the Falmouth coastguard station. The RNLI's deafening silence on the proposals speaks volumes.

Only a few people sitting in RNLI headquarters, removed from the reality of rescues around our shores, are talking to the MCA. Those HQ staff might well be saying that they can take on more of the roles undertaken by the coastguards, but it is the volunteer coxswain and crew who risk their lives to rescue people at sea. Are their opinions being listened to? I do not think so.

The situation is similar in other organisations directly involved in our maritime environment, such as the Royal Yachting Association. I expect that it is the HQ staff who are talking to the MCA. They have not consulted with their members. Yacht clubs in my constituency that organise world-class yacht races and Olympic regattas are dismayed with the position that the RYA has taken on the proposals. I urge the Minister to ask both the RNLI and RYA headquarters staff to demonstrate that they have consulted all their members on the proposals, and to ask for copies of those consultations. Although I am not a betting person, I would wager that their responses do not support the MCA's proposals.

During the debate, I hope that we can persuade the Minister that the best course of action is to accept that he was not given accurate information by the MCA team responsible for the proposals, which have developed over a number of years, and that he should cost and carefully consider reasonable alternative proposals that meet the criteria that he has set out. The safety of people at sea and the protection of our precious marine environment deserve no less.

2.41 pm

Bill Esterson (Sefton Central) (Lab): I am pleased to address this debate under your chairmanship, Mr Crausby. I shall begin by congratulating the Minister on the fine achievement of uniting the Members from nine parties in the House in opposition to the proposals. It is certainly good to see Members from so many parties present. Many of them represent Northern Ireland and it is welcome that they have crossed the divide on this issue.

Mr Greg Knight (East Yorkshire) (Con): Will the hon. Gentleman at least give the Minister credit for extending the consultation period? At least we can live in hope that he is listening, which I am sure he is.

Bill Esterson: The right hon. Gentleman makes an important point. Many residents in our communities have welcomed the extension of the consultation period, as have the staff, because it provides an opportunity to suggest alternative proposals.

I have a number of points to make. I had only one minute to speak in the previous debate on this issue, so I warn hon. Members that I will take a bit longer this time. Safety is a big concern, and it came up at the consultation meeting that I attended. It was the Liverpool

meeting, but it was held in Southport—about 20 minutes away from the coastguard station—but that did not deter the 250 people who turned up. A vote was taken on the proposals and all 250 people—every single hand went up—opposed the proposals, and that has been repeated throughout the country. Safety is a prime concern for everybody, particularly the question of whether the proposals adequately address the balance between cost and safety. The big issue that comes up again and again—it certainly came up in the Crosby consultation meeting—is that of local knowledge and whether it can be adequately transferred to the new marine operation centres.

Nia Griffith (Llanelli) (Lab): My hon. Friend and I come from areas of shifting sands. Does he agree that local knowledge is vital in such areas? It is important to have up-to-date knowledge, but, in my area, we also have the problem of distinguishing Llangennech from Llangennith, and there are many similar instances around the coasts of England, Scotland, Wales and Northern Ireland. Does he agree that local knowledge is the key reason why we want to keep a much larger number of stations open?

Bill Esterson: My hon. Friend makes a vital point. We have exactly the same issue around the coast of Liverpool, where many different locations are known by the same names. Local knowledge is crucial, as she says. It was crucial in the Morecambe bay tragedy, which was called into the Crosby coastguard station. The one life that was saved was saved because of the ability to respond quickly. Although many lives were lost, the coastguard was able to save one life because it was able to get there quickly.

It is important to recognise the difficulty of transferring local knowledge to the two MOCs in Aberdeen and Southampton. Staff in Liverpool have told me that they will not relocate to either Aberdeen or Southampton, and I know that the same is true of many other stations. Moreover, however long the training might take—whether it takes months or several years—replacing the detailed local knowledge and hands-on experience is not the same as theoretical training. The inability to replicate that local knowledge which, for a lot of the staff, has been built up over many decades, is a big enough issue in itself to make the Government rethink their approach.

Sir Menzies Campbell: I agree with everything that the hon. Gentleman has said about local knowledge. I wonder, however, whether his experience at the meeting that he attended was the same as mine. I attended a meeting to consider the fate of Forth station, which is based in Fife Ness in my constituency. The officials who attended were considerate and went out of their way to attempt to deal with the audience's questions. On many occasions, however, they simply did not have the information to enable them to deal adequately with the questions. Indeed, I ended up feeling slightly sorry for them. In particular, they had nothing to say about the point raised by the hon. Member for Truro and Falmouth (Sarah Newton) about what trials have been carried out in relation to the new proposals. They simply did not have an answer to that question.

Bill Esterson: The right hon. and learned Gentleman makes an important point about the importance of carrying out real tests on the robustness of the new system. There is no answer to that, because it is just not possible without running the two systems alongside each other, and I do not see that being proposed, even if it were desirable.

Another concern that staff and unions have is the lack of a risk assessment at the start of the consultation. I know that a risk assessment has been added, but the concern is that it was added late, as an afterthought, and that it is inadequate. I am sure that the Minister will address that. Another point made at length at the Liverpool meeting was the importance not just of local knowledge, but of the relationship between staff and the volunteers who carry out the search and rescue activity, and of knowing which search and rescue team is best placed to carry out any given rescue. They know them all personally, which is something else that will, I suspect, disappear as a result of remote stations.

The Select Committee on Transport held an inquiry, but its findings have yet to be analysed by Government. One of the results of a previous reorganisation was the high-quality new facility at Crosby, which I have visited a couple of times recently, but there has not been an assessment of the results of that reorganisation. Those two gaps have not been addressed by the proposals.

One of the strong themes of the Liverpool meeting was the impact on leisure users, such as people with leisure craft or fishing boats, as well as tourists and other visitors to the coast. Those people do not necessarily have access to the kind of technology that fits well with what is being proposed. Although commercial users would undoubtedly be able to use the new system, the issue of the leisure industry causes great concern not only to the people affected, but to the staff.

Mr Mark Williams (Ceredigion) (LD): On the point about leisure activities in tourist areas, I represent a large tract of the west Wales coastline in Ceredigion. There is a rowing organisation in my constituency that enjoys a close relationship with one of the existing coastguard stations at Milford Haven. When those involved with the rowing organisation go out for their training, the knowledge they are able to give to the coastguards is reciprocated by the local knowledge in the coastguard centre. That organisation is fearful that such local knowledge will be lost. In addition, dialogue between the tourism sector and the coastguards could be lost.

Bill Esterson: The hon. Gentleman makes a good point that builds on what others have said. There is also an issue regarding the daytime stations that are being kept. I shall talk briefly about the option of either Belfast or Liverpool in the proposal. The same thing is happening in Scotland, where two stations are being pitted against each other.

Lady Hermon (North Down) (Ind): Will the hon. Gentleman give way?

Bill Esterson: I will very happily give way.

Lady Hermon: It is very nice of the hon. Gentleman to do so for someone who has come across the divide—from the mainland of Northern Ireland—to visit England. Our respective coastguards are unfortunately pitted against each other. We have only one remaining coastguard in Northern Ireland based in my constituency in Bangor,

[Lady Hermon]

North Down. Will the hon. Gentleman tell hon. Members, particularly the Minister, whether the coastguard in Liverpool would feel confident about looking after all of Northern Ireland, for example, Lough Neagh and Lough Erne—upper and lower—if the unthinkable were to come true? I am sure it will not do so, but in the event that it does and the Minister, who is responsible for shipping, decides in favour of Liverpool and not Bangor—I do not think he will—will Liverpool be able to look after Northern Ireland?

Bill Esterson: I am grateful to the hon. Lady for her points because it reminds me that, of course, originally Liverpool was excluded from the consultation. That is something that staff at Liverpool noticed. They have great concerns that the late inclusion of Liverpool as one of the options shows the true intentions of the agency.

The Parliamentary Under-Secretary of State for Transport (Mike Penning): Just for clarification, Liverpool was not excluded from the consultation; it was just not one of the stations that was proposed for closure. No stations were excluded from the consultation, no matter where they are in the country.

Bill Esterson: I accept the Minister's point. I was merely expressing a concern raised by staff. To return to the point made by the hon. Member for North Down (Lady Hermon), staff at Liverpool do not feel equipped to address issues around the coast of Northern Ireland, and I am sure that staff in Belfast would say the same about dealing with issues around Liverpool. There is a very good reason why we have the current network. A lot of staff do not think that the proposals have addressed how the current network will be replaced without compromising safety. That is at the heart of the concerns that are being raised by staff and those who rely on the service.

The proposals were drawn up by former front-line staff who, it is fair to say, do not have recent front-line experience. That is a particular concern. The lack of input from front-line staff during the early stages of the process has caused a lot of disquiet. I know that a consultation is under way but, when things are done in such a way, there is always concern that the consultation is the wrong way round. I shall not accuse the Minister of anything stronger than that at the moment. He will have time to explain the matter.

Andrew George (St Ives) (LD): The hon. Gentleman is making a very good case. A good thing that has come out of this particular exercise is that front-line staff in the maritime rescue co-ordination centres have clearly indicated that they believe they can make a positive contribution to the proposals. They recognise that things cannot be preserved in aspic and that there are ways of achieving both efficiencies and improved resilience. However, they also recognise that that cannot necessarily be done through the proposals. In his constituency, are those who are involved in the service engaging with constructive proposals as an alternative way forward to help the Minister to introduce a more acceptable scheme to modernise the service?

Bill Esterson: The hon. Gentleman makes an important point. In a meeting that I attended with the chief executive and staff at Crosby, staff said to the chief executive that they had in previous years come up with proposals that would lead to a reduction in the number of stations while addressing the issues of how to integrate new technology and maintain safety. However, no one has ever asked them for those proposals. Staff from around the coast are coming up with proposals, which I hope will be considered and taken on board. We should listen to people with front-line experience. That is certainly the direction in which we should go. By the way, I have not heard anybody say that they are against the introduction of new technology, although they do have concerns about the current set of proposals.

The volunteers who work with the Liverpool coastguard fear that their safety will be compromised by the changes and the loss of Liverpool if the proposal goes ahead. That would lead them to consider seriously whether to carry on. If that happened, the impact on search and rescue operations would be extremely serious indeed. I hope that that point is taken on board by the Minister. As I mentioned earlier, there is an issue about volunteers knowing the staff with whom they are working and trusting the judgment of those people who are sending them out on missions. Understandably, that is incredibly important to them and their safety.

Briefly, on the issue of maintaining stations as daylight stations, I have mentioned Morecambe bay. Another serious incident dealt with at Liverpool was the Solway Harvester. Both of those incidents happened at night. They would not be handled—whether by Liverpool or Belfast—from the station; they would be handled remotely. The point made to me by staff is that, if the proposals go ahead, there will be even less local knowledge. Those crucial minutes of delay make a difference to whether lives are saved. I hope that the Minister will comment on that.

On the number of staff, my understanding is that the proposal will lead to job losses of more than 220. We are talking about coastal communities that are already experiencing difficult economic circumstances. The impact on those communities of losing many jobs would be drastic. It would be challenging for people to find alternative employment. Coastguard workers are some of the lowest paid emergency service staff in the country and frequently take second jobs to supplement their wages. It is recognised that technological advances offer some opportunity for rescues to be co-ordinated from a distance. However, I have been told that technology should complement the knowledge of local coastal areas that coastguards possess, not supplant it. The loss of those jobs would threaten that .

A number of constituents have written to me on the matter. Mr Hughes from Crosby says:

"The proposals would see most co-ordination of incidents run from two Maritime Operations Centres—one based in Aberdeen and the other in the Solent area. This will mean a heavy reliance on yet to be designed software and a loss of what is often invaluable local knowledge. We believe technology should be used to complement the knowledge of coastal areas which Coastguard staff on the local stations possess, not replace them. The technology will be unable to cope with the new structure and could result in risks to people's lives. We have already seen similar schemes with the fire service scrapped due to the fact that the technology would not work."

My hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) has experience of those proposals, and no doubt, he will make comparisons when he comes to make his speech.

Another of my constituents wrote to me to raise something that concerns me greatly. He says that the chief coastguard—or some of his senior managers—has stated to staff on some of his visits that

"this afternoon's debate will only be a few MPs whingeing about their own stations and is nothing to worry about."

I do not know how other hon. Members feel about that statement.

Mr MacNeil: That statement shows unbelievable arrogance.

Mike Penning *rose—*

Bill Esterson: I think that the Minister would like to intervene.

Mike Penning: If an accusation has been made against certain coastguard officers, will the hon. Gentleman indicate exactly who said that? Otherwise, will he withdraw that until he has the evidence to say who said it?

Bill Esterson: I have it in writing from a serving coastguard officer who has asked me not to give his name, so I am not going to give his name.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Would my hon. Friend give way?

Mike Penning: Who said it?

Bill Esterson: I am going to give way to my hon. Friend.

Mrs Ellman: I wonder whether my hon. Friend is aware that the Select Committee, which is about to open an inquiry into this issue, has received similar concerns from coastguards who feel that they may be victimised? The Committee has written to the chief executive of the MCA to seek reassurance that nobody making any form of representation will be victimised.

Bill Esterson: I am grateful to my hon. Friend, because I think that that is important. Staff are making those allegations, and I know they have made them to other Members.

Mike Penning: May I reiterate that any member of staff has the right to give evidence not only to the Select Committee, but to the consultation? The point that I was trying to make is that the accusation is about a senior member of staff. I think that initially the hon. Gentleman said that the chief coastguard had said that, and then he said, "Another member of staff". If they are going to make that sort of accusation against a senior member of staff—not the person who was making the accusation anonymously—then they must indicate who that was. Was it the chief coastguard, or not? That is the point the hon. Gentleman was trying to make. If it was not the chief coastguard, then he must retract that. We have to have evidence about who the person was who was alleged to have said that, otherwise it is unfair.

Bill Esterson: As I said earlier, my constituent has indicated that he is concerned that if I give his name, or the name of other members of staff, they will be victimised. They are very concerned about that. Perhaps that is something that the Minister can discuss with me a little later, but I am certainly not going to give names now.

Mr MacNeil: The hon. Gentleman is right not to give the name. He has parliamentary privilege and is using it wisely. Perhaps the Department for Transport should find out in the MCA who exactly is saying that.

Bill Esterson: I am happy to talk to my constituent further to find out the information but, as I said, I am not going to give the name of my constituent.

Mr Knight: I am most grateful to the hon. Gentleman for giving way. He has been very generous in giving way and I think we all applaud him for that. I pay tribute to the Humber coastguard, but this is an important point. We are not asking him to reveal the source of the remark. We are asking who it is who is alleged to have made the remark—not who has told him, but whom we are talking about. Who is the mystery person who has made this outrageous comment? That is what we would like to know—not his source, which he is right to protect, but about whom are we talking.

Bill Esterson: I think I made it clear earlier that it was a senior manager. I do not have the name with me now, because that is not what my constituent has said to me, so I cannot give hon. Members any more information, but I will talk to the Minister separately if he wants to pursue that.

Lady Hermon: I am sorry to prolong this point, but in fairness I feel that I should put on the record that the chief executive of the MCA, Sir Alan Massey, and, separately, the chief coastguard, visited Bangor coastguard. They were courteous in the extreme. They listened very patiently and were very positive, and were receptive to the points that were being made by various MPs representing the Democratic Unionist party and the Alliance party. I just have to put it on the record that I did not hear them labelling MPs as "whingeing".

Bill Esterson: I am grateful to the hon. Lady. I am grateful to hon. Members for their interventions on that point, but I am going to move on.

Another of my constituents, Derek Myers, has written to me with his concerns about search and rescue unit selection. His letter quoted the coastguard regulations:

"The unit selected should be able to reach the scene quickly, and should be suitable for at least one, and preferably as many as possible of the tasks of a SAR operation. Evaluating experience is more subjective and means weighing the normal primary duties of the agency furnishing the SAR unit against the specific operation in hand."

Derek Myers and many others have said that the regulations indicate how important that local knowledge and those relationships are, and I hope that the Minister will address that point.

[Bill Esterson]

I appreciate that time has moved on and that other hon. Members want to speak, so I will conclude. I believe that the proposals are flawed. I hope that the Minister will take on board the alternative proposals from members of staff, and that he will consider the real concerns of the staff, as well as the concerns that emerged from the consultation meetings and the consultation process. I hope that he will reconsider the proposals and look at the proposals that maintain the safety to the level that staff are advising. Listening to front-line staff is very important.

3.6 pm

Peter Aldous (Waveney) (Con): It is a pleasure to serve under your chairmanship, Mr Crausby. I am grateful to you for calling me early in the debate. Regrettably, I have to leave for a previously arranged meeting in my constituency and I will not be able to stay for the winding-up speeches. I am grateful to my hon. Friend the Member for Truro and Falmouth (Sarah Newton) and to the hon. Member for Sefton Central (Bill Esterson) for securing the debate. I shall begin by paying tribute to the Lowestoft lifeboat, which was founded in 1801.

Earlier this year, the coxswain and crew of the Spirit of Lowestoft were honoured for showing great bravery and for a magnificent team effort in rescuing three crew from a craft stranded on rocks close to Ness Point, Britain's most easterly point. The rescue took place at night in November 2009 in rough seas and strong winds. Coxswain John Fox received the thanks of the institution inscribed on vellum, while second coxswain Karl Jackson and crew members Ben Arlow, David Brown, Michael Beadle, Jonathan Flynn, Robert Lightfoot and Mark Ross each received a vellum service certificate.

While we debate the future of the coastguard in these comfortable surrounds, we must never forget the debt of thanks and gratitude that we owe to those people who risk their lives at all times of night and day, invariably in the most hazardous weather conditions. We owe it to them to come up with a sustainable, well-resourced and properly integrated coastguard service that is able to handle the demands of the 21st-century sea.

I recognise that there is a need for the service to be reviewed. There is a need to properly integrate the service and to fully utilise the new technology that is now available. I recognise the limitations of the system of pairing stations. There is a need for greater interoperability between stations. I agree with the reasons given in the consultation document for carrying out a review: the seas are becoming congested, ships are larger, the coastline is busier, and we are experiencing more extreme and variable weather conditions. That said, I have concerns, and I would be grateful if the Minister took them on board.

The proposed closure of the Yarmouth and Thames maritime rescue co-ordination centres has created worry and anxiety along the East Anglian coast. As the table in the consultation document shows, they are busy centres. With increased shipping activity envisaged off the East Anglia coast in the next few years, I urge the Minister to scrutinise those closures closely. If they are confirmed, there will be no centres between Dover and the Humber at a time when the seas off East Anglia are getting busier: some 1,000 wind turbines are going to be built, dredging continues, there is renewed activity in the oil and gas sector, and hopefully renewed activity in the fishing industry shortly. Construction work at Sizewell is to come, as well as ship-to-ship oil transfers, and increased shipping movements to and from Felixstowe and Great Yarmouth. There is also more leisure activity on the broads, on the numerous estuaries in Suffolk and Essex, and off the coast. The arrangements for the broads are an issue that is of particular concern to me, and to my hon. Friend the Member for Great Yarmouth (Brandon Lewis), who has other commitments that prevent him from attending this debate. He is particularly concerned about Breydon Water in his constituency.

Given the nature of the broads, which are made up of a network of rivers and waterways and which extend over many miles in Suffolk and Norfolk, as well as the fact that most of the vessels there are leisure craft and that responsibility for policing rests with a number of authorities, there is an added risk, which should be scrutinised fully in any review. I urge the Minister to look at those issues and to consider whether there is a case for an additional centre for the broads and the surrounding area, which would reflect proposals made in the consultation on the Thames.

I would be grateful to the Minister if he confirmed that, in proposing that there should be no stations along the East Anglian coast, Ministers had regard to the fact that any station in the region has the advantage of being close to the helicopter rescue service operating from RAF Wattisham and to the on-ship fire and rescue service provided by the Suffolk fire service, which covers the whole East Anglian coast.

An issue that will be raised time and again in the debate is how the new arrangements will make best use of and fully harness local knowledge, which, in many cases, has been built up over generations. As was said in the briefings that I attended, local knowledge is the putty that we stick in the gaps in the first five minutes of an incident. If it is not there, the outcome can be tragic. People's main worry is that, without local centres, it will be more difficult for the coastguard to make best use of that local knowledge, which can be invaluable when the service is stretched.

The highest risks occur in the summer, when we often have leisure vessels crewed by people who do not know the area. In such a scenario, local knowledge of a long coast with many inlets can be absolutely critical when it is vital to get to an incident without delay. Whatever new arrangements are confirmed, they must demonstrate that local knowledge will not be thrown overboard, but retained and made better use of.

Some aspects of the proposals are attractive. Those aspects include providing high-quality jobs for coastguards, with job weight and pay reflecting the increased demands that will be placed on people. There is also the strengthening of the leadership and the support provided to volunteer coastguards. It is vital that the reorganisation is properly managed and resourced and that no effort or expense is spared in securing a successful transformation to bring about such improvements.

The Minister has previously given an assurance that the review is not just a cost-cutting exercise, but a genuine effort to restructure and improve the service and that adequate funding has been secured from the Treasury to implement his proposals. I am grateful to

him for that. He has also indicated that this is a proper and full consultation, that alternative proposals for the future of the coastguard will be given full and proper consideration and that the current proposals will be amended if it is decided that improvements can be made to them. There is a worry that, in such a scenario, the Treasury might be an obstacle to securing the four-star service that we need. If that happens, I hope that the Department will do all it can to secure the additional funding needed.

My final request is for a service that not only is properly integrated, but works closely and in co-ordination with others to ensure that those on the seas receive the best possible service. The coastguard needs to be integrated with coastguard services in other countries and, from my constituents' point of view, with those on the other side of the North sea. The UK is already connected to the safe sea net system, but we need to consider whether improvements can be made.

I am aware of the excellent work done by Coastwatch volunteers, including those at Pakefield Coastwatch in my constituency, who form part of the Sea Safety Group. It is vital that such volunteers are fully involved and consulted in the review, that the service provided by them is fully integrated with the new coastguard service and that they are not burdened with additional costs or unnecessary red tape.

I am grateful to you, Mr Crausby, for bearing with me, and I thank you for allowing me to speak early so that I can depart early. I apologise for the fact that I will not be here for the summings-up.

3.14 pm

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Truro and Falmouth (Sarah Newton) on bringing this matter to the House, and the number of Members present is obviously an indication of the interest in it. Those of us who represent areas where the coastguard is very effective and does a grand job are pleased to be here. We are perhaps a wee bit disappointed that we did not have the opportunity to debate the issue on the Floor of the House, but we are none the less pleased to have the opportunity to debate it here. We are also pleased that the Minister has been able to come along to respond.

The issue is not about mere numbers, but about life-and-death decisions, which affect us all, and that bears repeating. Winston Churchill, who has been one of my great heroes since I was young, said:

"I am easily satisfied with the very best",

and it is my belief that we should be satisfied only with the very best. However, it is clear from the proposals that we are not being offered anywhere near the best, and we are certainly dissatisfied. The Minister has been at pains to suggest that no decision has been made and that the consultation document is not simply a paper exercise. The response to it has been overwhelming, and we welcome the Minister's assurance. Indeed, I spoke to him before the debate.

My postbag has been bulging with letters on this issue, as I suspect many Members' postbags have been. The only issue that beat it was the snow and ice that we had, and then there were the roads. We therefore had the roads and then the coastguard, as well. When I was first contacted by concerned members of the fishing industry along Strangford lough, the Irish coast and the Down coast in my area, I was immediately troubled. I was also contacted by members of local sailing clubs, as well as caravan park owners and residents.

It was apparent that the issue needed attention at all levels. Colleagues in local councils have also been active, as have Members of the Northern Ireland Assembly. Local groups and others have pledged to raise the issue at the highest level in the House of Commons, where the decision will be made. The hon. Member for Totnes (Dr Wollaston) brought the issue of the Brixham coastguard in her south-west constituency to the Floor of the House. There is UK-wide concern that Government cutbacks in coastguard provision are not simply an issue of people losing their jobs as a result of budgetary constraints, which is hard enough to accept in itself, but will put lives at risk.

With colleagues, I decided to table an early-day motion, and many Members have signed it and other early-day motions. I have taken the opportunity on two occasions to ask the Prime Minister about the coastguard at Bangor. On both occasions, he said that the consultation was ongoing, but we were obviously looking for something a bit more meaty. None the less, I accept that the consultation process is the way that these things are done and that is what we have to move forward on.

We have had total cross-party support on this issue. I give special credit to the hon. Member for North Down (Lady Hermon), who has energetically, forcefully and directly pursued this matter. As a neighbouring, new MP, I was pleased to support her in that campaign.

Those who use the waters around the Northern Ireland coastline need to be certain that they will have a reliable and speedy response from the coastguard if they get into distress or danger. I fear that the prospective closure of Bangor coastguard station will put all that at risk. With up to 1,000 people and a fishing fleet of more than 80 boats relying on the station, it is critical that safety on the seas is not jeopardised by money-saving schemes.

The proposals are not close to the right solution. They suggest that, even if Bangor closes down, there may not be a daytime operation in Belfast. We have been put in direct competition with Liverpool, which I feel quite aggrieved about. The hon. Member for North Down put that perspective very clearly in a question to a previous speaker.

All Belfast operations are based at Bangor coastguard station. However, it is not just the coasts that are the responsibility of the Bangor operation, but the inland waterways of Lough Neagh and Lough Erne. We should not forget that it also has responsibility for the mountain rescue teams for the Sperrins and the Mournes. All those things come within the remit of the coastguard in Northern Ireland.

Lady Hermon: The energetic MP for North Down rises—it was awfully nice of the hon. Gentleman to call me that. I am sure my good neighbour will acknowledge that this issue has united all the parties in Northern Ireland, including Sinn Fein, the Alliance party and the Social Democratic and Labour party. I am sure that he will agree that what makes Northern Ireland, with its one remaining coastguard, strategically different from the rest of the UK is the fact that it shares a land frontier with the Republic of Ireland. The co-operation

[Lady Hermon]

between the Irish coastguard and the Northern Ireland coastguard is second to none—it is first-rate. I am sure that that point is not lost on the Minister and that he acknowledges it.

Mike Penning *indicated assent.*

Lady Hermon: I thank the Minister for acknowledging that point.

Jim Shannon: I thank the hon. Lady for her contribution, which is very honest.

The hon. Lady and I, with the SDLP and the Alliance party, met some coastguard officials, and the meeting was excellent. I know that the Minister met the First Minister, Peter Robinson, and the Deputy First Minister, Martin McGuinness. We have come a long way in Northern Ireland. We crossed that divide a long time ago, and I want the Minister to know that we have moved on. It is great that we can have an issue that unites us all.

Mike Penning: I was due to meet the First Minister and the Deputy First Minister at my first engagement, but I had to delay it by a couple of weeks due to parliamentary business. I did not have the opportunity to meet them when I was in Bangor.

Jim Shannon: I thank the Minister for that intervention.

To move on slightly, there is also the issue of helicopter taskings in Northern Ireland, which includes the police and ambulance services. This is also a major issue in the Republic of Ireland, where helicopters for air-sea rescue are provided at no charge. The relationship that has been built between the Bangor station and its counterparts in the Republic would not be the same without those interpersonal dynamics. The Minister must agree that if we lost the help and support of the Republic, and the manner in which it is offered at present, that would most certainly result in loss of life. That is my concern.

We are encouraging people to holiday in Northern Ireland to take advantage of the most beautiful scenery the UK has to offer. I will take the opportunity to give a sales pitch for my area. We want people to enjoy the Fermanagh lakes and to make the most of all that the stunning Strangford lough and the north Down coast have to offer, yet we also face telling people that the reality is that if they get into trouble, the rescue will have to be co-ordinated on the mainland before anything is done on the ground. That is another concern that I must express today.

The consultation further proposes that either Liverpool or ourselves cover both regions with 50% fewer staff than Bangor employs now. I pay tribute to the coastguard staff. They do an excellent job, and we are very encouraged by what they do, but how could this be achieved without there being some shortfall in that area of the service? It could mean the extra five minutes between life and death. The matter involves not only the fact that Northern Ireland must have its own service provision, but how we ensure that we have the ability to save lives and to do that better.

I mean no disrespect, but if a distressed child had to ring an operator in Scotland to say that their dad had fallen out of their dinghy near the big rock on the Portaferry road, Newtownards, would the operator know where that was? No, they would not. I could take them there right now, but that is because I know the area. We have that local knowledge. Every Member who has spoken so far has mentioned local knowledge. Could an operator in Scotland give an accurate account of where to send the rescue service? They could not possibly do that because they do not have local knowledge. Ask someone in Bangor coastguard the same question and the answer would be immediate, and so would the response.

Bangor dealt with more than 700 incidents last year, and it is clear that on our seas we need a dedicated service that knows the area and knows best how to organise the rescue. At Bangor station in the past four years, the number of rescues is up, the number of people involved is up and the number of lives saved is up. Unfortunately—it is the nature of life—the number of those who have been injured or lost their lives is also up. This is about extra usage, but it is also about the response from the Bangor station.

People in Northern Ireland waters should not be put at risk by a budget. The wives of fishermen at sea need to have their minds put at ease. They depend on the coastguard system, which they have come to know and trust. It is a system that has saved hundreds of lives and must be retained. What is being offered is not the best, and Northern Ireland Members must keep pushing until the constituencies we represent get what they deserve—the very best coastguard service from a local station with local people and local knowledge. We are unique in Northern Ireland in that the coastguard also helps with mountain rescues, and that specialised service must also continue and be co-ordinated by those who have been doing the job for years and know the intricacies of the system, which saves lives.

There comes a time when we must focus on our own areas, and I would like to do so for a few seconds. As Members of Parliament, the hon. Member for North Down and I are fighting for the right things for all coastguard stations, but I must highlight the bonuses of the station that covers my area of Strangford. The majority of staff there are young and highly qualified. Numerous members of the Bangor station are trainers in different areas, and they provide training not only to the UK mainland, but to the Republic of Ireland. They are excellent staff, who would have to up sticks and relocate to the mainland if the proposals were accepted. Many of those with young families could not do that, and I must speak on their behalf as well.

As I have said on a number of occasions, I continuously fight against the "brain drain" from Northern Ireland—if I may use that terminology, which may not be entirely appropriate for this topic. Our students attend university on the mainland and end up living there or going where the jobs are. The difference here is that losing the high-quality staff we have in Bangor will have a detrimental effect on the coastguard as a whole.

Lady Hermon: I thank the hon. Gentleman for taking a second intervention. I invite him to say something to the Members gathered here today for this important debate about the alternative proposals submitted to the Minister by the coastguard in Bangor. They are very thoughtful and not self-seeking or necessarily confined to Northern Ireland, but address modernisation and building resilience throughout the whole UK. We are part of the UK and we want to play our part.

Jim Shannon: I thank the hon. Lady for her intervention. She must have read my mind, or she has been reading my notes, because that is the next thing I am coming to.

Lady Hermon: I cannot read your writing.

Jim Shannon: Nobody can read it.

The Minister and the Secretary of State for Northern Ireland were in Northern Ireland on 9 March. The Minister said earlier that that proposal—option B—was a breath of fresh air. I am not misquoting him; those were his words, and we welcome them. That perhaps indicates an understanding and an acceptance that there has to be change. We accept that. We are not in the business of saying that we are against everything all the time. We are trying to be positive in our comments.

We have an alternative and it has been put forward. It is not just a suggestion for Bangor; it is for all—for Swansea, for Humber, for London, for Aberdeen and for Dover. The proposals would help all Members here and all the areas we represent. That is what this is about. I feel that the proposals are very worthy of consideration, which perhaps shows our commitment to finding a solution.

I am conscious that time is flying on, so I will conclude. I stand today and urge the Minister fully to consider the proposals presented to him on 9 March. The proposals outline how every area—from the tip of Scotland to the bottom of Dover, and from the Shetland islands to the Fermanagh lakes—would achieve adequate cover and make the most of the experience of the staff at the major locations. It is my belief, and the sincere belief of many, that the retention of Bangor coastguard is an essential aspect of any proposal. The Minister and his Department should accept that and take it into account in response to the consultation document.

I have a six-point diagram on the proposals. It is a bit like a double Presbyterian sermon, in that a Presbyterian sermon has three points and this has six, and focuses on the strategy, which is cost-effective. That is one of the issues. It also focuses on the structure, which would be more successful through the roll-out and upon completion because it would enable the system to continue. The processes would retain possibilities for the future and on how best to do things. The people involved would have their motivation and good will enhanced, and the staff, who made the proposals and who want to work with the Minister and all of us as elected representatives, would be rewarded. That would mean safer lives, safer ships and cleaner seas.

I stand by the coastguard station in Bangor. I stand by the alternative proposals and urge that every consideration be given, not only to the issues raised here this afternoon, but to the proposals made by the people who know what they are talking about, who co-ordinate rescues every day and who can tell what will work and what will not. I would listen to them, as they co-ordinate rescues at sea; the hon. Member for North Down and I had the opportunity to do that down at Bangor coastguard. I would listen to them, as they seek to co-ordinate a better UK-wide coastguard service. I ask the Minister to do the same.

3.29 pm

Sir Menzies Campbell (North East Fife) (LD): I was sent here to whinge on behalf of my constituents, and if a senior member of the Maritime and Coastguard Agency predicted that, not only was he right, but he was conferring upon me and upon everyone else here a mark of distinction of which we should be nothing other than proud. I begin with an apology, Mr Crausby. Because I have an urgent matter waiting for me in my office, I will not be able to stay for the full duration of the debate, but I will, as a consequence, confine my remarks as much as I possibly can.

I have already mentioned the meeting that I attended where, as appears to have been the case in Liverpool and elsewhere, there were consideration and good manners but a distinct lack of answers. Local knowledge was the centrepiece of the discussion on that occasion, and it was most interesting that the seafarers were the most sceptical of what was being suggested.

The sea plays an important part in my constituency. It once played an historical part in relation to the fishing industry. That fishing industry is much smaller, perhaps, than it once was, but it operates out of Pittenweem and other harbours, and the coastguard is clearly an important part of the safety network required by that industry.

There is a great deal of leisure sailing on the River Forth. That has also been encouraged in the town of Anstruther, which was formerly a fishing port and is also in my constituency. In addition, the traffic on the Forth is substantial, as the Minister acknowledges by nodding his head.

In 2010, the number of Scottish lifeboat call-outs was 1,012. The 10 stations within Forth coastguard's responsibility were involved in 373, or approximately 40%. That makes the point about the relationship between the coastguard and the lifeboat, and also the need for lifeboat services because of the intensity of the activity on the sea in and around the area for which Forth is responsible.

The Forth coastguard at Fife Ness has the lowest running costs in Scotland. If one takes out staffing costs, the bill for Forth is £44,662. There is a good reason for that: the coastguard owns the building and therefore does not have to pay rent. If economic advantage is being sought by closing Forth, it would be very much smaller than would be achieved at several other stations.

Mr MacNeil: The right hon. and learned Gentleman mentions the real estate at Forth, but is that not counter-productive and working against Forth? Had it been tied into an expensive lease agreement, it might remain, as is the case with Aberdeen, which seems to have a 25-year lease that is difficult for the MCA to get out of. Hence, it plans to put a maritime operations centre in Aberdeen.

Sir Menzies Campbell: I am always a bit nervous about the argument that one cannot take a decision on the merits because of the relative cost. My argument is that the decision on the merits properly ought to be to retain the Fife Ness coastguard station, serving the Forth as it does. On the basis of the statistics that I have given, I say respectfully that the case is overwhelming. I invite the Minister to reach the same conclusion.

3.33 pm

Albert Owen (Ynys Môn) (Lab): It is a great pleasure to follow the right hon. and learned Member for North East Fife (Sir Menzies Campbell), who referred to a

[Albert Owen]

public meeting that the MCA hosted. I attended the meeting in Holyhead, which was a public relations disaster for the MCA. I shall refer to it a little later.

The right hon. and learned Gentleman is right that no answers were given. There were many questions, and many knowledgeable people attended, including ex-seafarers who I worked with when I was in the merchant navy, and retired master mariners with direct experience of working with the coastguard. He makes an important point about those meetings, which I am sure the Minister will have heard. I echo what the right hon. and learned Gentleman said.

I congratulate the hon. Member for Truro and Falmouth (Sarah Newton) on securing another debate on the subject. However, I would have liked not only a debate on the Floor of the House, but an oral statement from the Minister, so that we could put direct questions to him. He is a reasonable person, and I believe that he would have been making exactly these same arguments had the previous Government made an announcement of such national importance and magnitude when he was in opposition. Discussing the mass closure of some of our coastguard stations is of significant national importance.

The Minister and I have had a brief private conversation about these matters, but I invite him to come to Holyhead in my constituency. I know that he has been to other places, but, as a fair man, he should go to all that face closure. The— *[Interruption.]* It is not impossible. There are only nine, so it is very possible. I have attended rallies in two or three places in a short period—the hon. Member for Carmarthen West and South Pembrokeshire (Simon Hart) will vouch for that—so it is possible. However, it is also important, because these are difficult decisions.

The Maritime and Coastguard Agency chief executive has been to those places. He has been very courteous, and we have had public meetings, but we have not had answers. It is important for the Minister to have direct contact with the people who work in our coastguard stations around the country so that he can dispel any myth that we are just whingeing Members of Parliament. He would hear people's opinions first hand.

Bill Esterson: I asked the Minister to come to the House to make a statement so that we could have that cross-examination. Does my hon. Friend agree that it would be helpful if the Minister did that at the end of the consultation, when he announces his findings? Will he come to the House and make a statement so that we can have that conversation?

Albert Owen: I am grateful to my hon. Friend for that intervention; I am sure that the Minister heard what he said. Again, because of the importance of the issue, it would be in the Government's interest to take questions on the Floor of the House. That would be a strong statement that they are indeed listening to the views of MPs.

The extension is welcome and it provides people with opportunities, but cynics among us, including me, would say that 5 May is an important day. It is a day of big elections in Wales, Scotland, Northern Ireland and many parts of England. I am sure that that was not the intention of the Minister, but cynics will be led to believe that it might have been a circumstance— *[Interruption.]* I am certainly not the only one. I can give empirical evidence of candidates who were on the lists for north Wales, for instance, who, when the announcement was made, said that the proposals would improve safety—Liberal Democrats and Conservatives were going with the Government line at the time—and that there would be no front-line closures. They received hundreds of e-mails, and, within weeks of receiving them, they were saying, "It's a disgrace that the coastguard stations are closing." That should be borne in mind. Cynics would arrive at the conclusion that people have done somersaults because of public pressure.

Sarah Newton: I am very disappointed with the line that the hon. Gentleman is taking, because there is genuine concern about the matter the length and breadth of the country. For him to turn it into a political football is most disappointing. The point has been well made by several Members that there are significant inaccuracies in the document. On the face of it, that document made a compelling argument. It was not until all of us had an opportunity to read it in detail and consult with our coastguards that the problems came up. I hope that he will refrain from taking that line. This has been an all-party, whole-House debate.

Albert Owen: I am sorry that the hon. Lady is upset by some of the truths I have just said. Candidates made statements to coastguards—not to me, but to coastguards—that the proposals were in their long-term interests and that our coastlines would be safer, and then had to retract them because of public pressure. That happens to be a fact, and I am sorry that it upsets her. I am a consensus politician, and I work with people from all parties, but that does not change the fact that the electorate in those areas are cynical about the somersaults done by some of the candidates. However, I shall move on.

Mrs Ellman: Does my hon. Friend welcome the fact that the Transport Committee is about to conduct an investigation on this very issue? That follows concerns expressed from all parts of the House and a session that the Committee had with the chief executive of the Maritime and Coastguard Agency in which we put certain questions to him, but were not satisfied with the answers.

Albert Owen: Absolutely. That will be my next point, but it does not detract from my first.

My second point is that the proposals from the Government and the MCA should be scrapped. The all-party Transport Committee is inquiring in detail into the workings of the MCA, and that inquiry is a good basis for the beginning of a debate, not the end of a consultation process. Detailed arguments from maritime experts, coastguards and people from coastal communities can be fed into the inquiry, which will be thorough.

Sarah Newton: Will the hon. Gentleman give way?

Albert Owen: The hon. Lady would not take interventions, so she is pushing it, but I am a gentleman, and in a spirit of consensus, I will give way.

Sarah Newton: I appreciate that. I made it clear that I would not take interventions because, during the first debate, I had a huge amount of time to make the case for Falmouth coastguard. On this occasion, I wanted to ensure that as many hon. Members as possible could make their case and put their concerns.

Does the hon. Gentleman agree that, on the extension of the consultation period, the Minister has said that if the Select Committee can expedite its work, all its findings will be taken into consideration? Furthermore, he has also said that at the close of the extended consultation there will be an additional period for proposals to be properly communicated, discussed and scrutinised.

Albert Owen: I am grateful for that intervention, and I hope that the Minister will indeed respond on the issues that I am raising about the Transport Committee, because they are important. We learned lessons from the 2003-04 inquiry, and we must learn lessons now. I am greatly in favour of the inquiry, and I wrote to the Chair of the Select Committee asking for such an inquiry. Perhaps the hon. Lady and the Minister will confirm that they are willing to wait until they have received the inquiry's report and the Government's response before making any decisions. That would be a positive way forward and I hope the Minister will comment on it. It would be not a way out for the Government, but a way forward for the coastguards, which is why we are all here today.

A debate needs the input of local coastguards. I agree with the Minister that coastguards, certainly in my area, have not been restricted in speaking their minds and saying what they think of the proposals. That is to his credit and that of the MCA. On top of the consultation, I have encouraged coastguards to write in, but that does not deter me from believing that these flawed proposals should be put to one side, so that we can have a proper debate, including on the Select Committee's findings.

I make no apology for referring to local knowledge, as many hon. Members have done. It is essential, and as an ex-seafarer who worked on the coast for some 10 years and was also foreign-going, I know that our coastguard services provide some of the safest coastlines and seas in the world. I am proud of what they do, and I want it to continue and improve. Local knowledge is vital to initial responses, to knowing locations and, in north Wales, to the pronunciation of such locations.

During the first debate, I had a brief opportunity to speak—I say that to the hon. Member for Truro and Falmouth—and the Minister gave a written response to one of my questions, although it was not adequate. I will provide evidence of why it was not adequate. He said that pronunciation of place names would be sorted out by a new geographic information system, which would include phonetic spellings. I will give an example—empirical evidence—of where that has failed. I am raising the matter to help him.

The incident occurred during the coastguards' dispute. The MCA said that the circumstances were exceptional, but it highlights the fact that people outside who do not have local knowledge might make errors, which might cost time, and perhaps lives.

Mrs Anne McGuire (Stirling) (Lab): The problem is not just phonetics or pronunciation. In Wales and in Scotland—the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) is here—there are different languages, which are used to describe the areas where people fish and that tankers run through. Knowledge of the geography of an area is important, but so is understanding the basis of the language.

Albert Owen: I am grateful to my right hon. Friend for raising the issue of language. I wish to refer to the Welsh language and phonetics in relation to place names.

My first example is, fortunately, an empty canoe that was drifting of Morfa Nefyn in Gwynedd, which the coastguard had to spell phonetically as "mor fen evon" and which he wrote down as Morefen Effon. I shall give the *Hansard* reporters the correct pronunciations because I would not expect them to have that local knowledge, but the serious issue is that outside people would not be able to local Morfa Nefyn. A holidaymaker had failed to look after their canoe, which drifted off, but if the incident had been serious, and if someone had fallen out of it, they might have been lost for ever. I am making a serious point. I am grateful to the Minister for giving me the information, but the proposals would not have been adequate in such a situation and no team could have been tasked for that one.

In another incident at Cemaes in my constituency, in the north of Anglesey, a casualty had fallen down a 20-foot cliff. Like many parts of Wales and of the United Kingdom, we have some great coastal walks. According to the incident log, it took 13 minutes to make a decision, and the Holyhead coastguard was given the task when there was an initial response team located at Cemaes itself. That added to the time taken to respond. Following the request being made by the initial response team and Cemaes being paged, a staggering 48 minutes had passed since the initial call was made.

The terrain was so bad that a helicopter had to be scrambled for safe evacuation, and the irony is that the 22 Squadron search-and-rescue helicopter was just down the road on Anglesey. If there had been local knowledge, the scramble would have happened instantly and the victim's injuries would have been less serious. My point about time factors is important. When RAF Valley was tasked to go to the incident, it was 68 minutes later.

Dr Sarah Wollaston (Totnes) (Con): I agree with the hon. Gentleman, but the problem is not always pronunciation. Sometimes there are problems with the sheer number of locations with the same name and spelling. We have 12 Cod rocks in my area, and someone local wrote to me recently about a serious incident when he was stranded off Cod rock.

Albert Owen: I am grateful to the hon. Lady for that intervention, but I have moved on from pronunciation to actual mistakes.

My third and final example of problems with place names is extremely important. It involves a call to ambulance control about a person in the water at Tywyn in Meirionnydd in Gwynedd, but the Rhyl coastguard team was scrambled and departed to Towyn in Conwy. I hope that the hon. Lady is listening, because she has just intervened on this point. Towyn and Tywyn are 80 miles apart. It was realised that a mistake had been made, but it was some 16 minutes later that the air ambulance picked up the victim. That is serious and those examples are evidence.

[Albert Owen]

The Minister may check that those incidents happened, because they were logged as errors. They are good examples of what might happen if outside areas were involved. In my area, the suggestion is that there might be a hub at Liverpool or Belfast, but they, let alone the marine operation centres at Aberdeen and on the Solent, could certainly not deal with such incidents. It would be impossible to have Welsh or Gaelic speakers in all those locations all the time. Local knowledge is extremely important and I make no apology for describing those incidents to the House.

Holyhead is the busiest seaport on the western seaboard and an extremely important location. It is a long way from Swansea, which would be the only day centre left open in Wales. I say to the Minister that coastal tourism must be factored into the matter, because many people go to the coast for their holidays and they need to know that coastguard stations are manned by people with local experience and local knowledge.

The flawed consultation document of 16 December was vague on leisure activities. Does the Minister have detailed information that was not in the consultation document about the different levels of leisure incident that have taken place? I know that some larger vessels have technical equipment—certainly, they are improving—but we must also consider walkers, sailors, climbers, hikers and people who go out on sea beds and drift away. We need that information, because a growing number of people are visiting our coastlines and they do not have the satellite equipment that is carried by, for example, many larger vessels.

There has also been growth in the number of incidents. The consultation document states that there has been a 25% increase in coastguard incidents off the United Kingdom coastline over the past five years alone. We have a growing industry that will be threatened by the mass closure of coastguard stations.

I understand that in 2009— *[Interruption.]* I am sorry, Mr Crausby, but I must refer to the MCA, who are smiling as I raise those issues. It is not helpful for coastguard officials to smile during this debate. I am not smiling, and I am sure the Minister would not be happy to see it. I am providing empirical evidence and giving my opinion on behalf of coastguard stations along the coast. I have experience of coastal communities and have worked at sea, so I do not like to see this happening and it is not fair. A degree of arrogance is coming from senior MCA managers towards local knowledge, and that is being echoed by somebody smiling at me while I am making pertinent points in the debate.

I support the upgrade and the modernisation of technology. That needs to happen and in the 21st century we must have more than two stations talking to each other; we need a fully integrated system. I back that idea and the review carried out by my hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick), when he was Minister responsible for shipping, on improving the conditions and wages of coastguards. That needs to be looked at, but it is not necessary to have a mass closure programme to improve the safety of our coastlines.

Even at this eleventh hour, I appeal to the Minister to scrap the proposals, await the Transport Committee report and listen to what people—whether Members of Parliament or members of the public—have been saying. We need a proper debate so that we can improve our coastguard services and have confidence in an improved, 21st-century technology. We must have the safest coastlines so that people can feel safe, whether they ply their trade at sea or use the sea for recreational purposes. I know that the Minister wants that outcome. It is certainly the outcome that I want, but there are better ways of achieving it than having this flawed consultation.

Several hon. Members *rose—*

Mr David Crausby (in the Chair): Order. I will start the winding-up speeches at 5 o'clock. Shorter contributions will be needed if everybody wants to get in.

3.53 pm

Sheryll Murray (South East Cornwall) (Con): I intend to put a different slant on the debate, and I declare a special interest as the wife of a fisherman. I start by paying tribute to the men and women who man our coastguard stations, the National Coastwatch Institution, the look-out posts, the Royal National Lifeboat Institution and everybody else connected with sea safety. It is because of those people that fishermen's wives such as myself sleep a little better at night than we otherwise would.

My constituency is served by both Brixham and Falmouth coastguard stations. Last year, 1,366 incidents were serviced by Brixham coastguard station, and 2,344 by Falmouth. History seems to be repeating itself. In the early 1990s, I was the secretary of the Plymouth Sea Safety Group. The national Sea Safety Group started the National Coastwatch Institution because the look-out posts around the coast that were manned by the coastguards were withdrawn. That movement started with the opening of Bass Point in west Cornwall, as a result of two fishermen losing their lives. I do not want the same thing to happen again.

Last Saturday, seven 13 and 14-year-olds were stranded by the high tide in my constituency, while eight people were stranded by the tide in other places in Cornwall. Brixham coastguard attended the seven teenagers, while Falmouth coastguard went to help the other eight people. Such individuals do not carry VHF transponders or radios. Mobile telephones are often not within range, so they have no means of communicating or accessing the wonderful equipment with which the two coastguard stations are equipped.

Recreational vessels do not have to comply with the global maritime distress safety system, and although many have digital selective calling included in their VHF radios, meaning that they can press a button rather than broadcasting a mayday call on channel 16, I am concerned about those that do not have the equipment for our coastguard stations to track—kayaks, for example, and the little dinghies that use our coast. Strandings often happen at night. I welcome the consultation and its extension, but when the Minister looks at the responses, I urge him to ensure that he considers replies from those who are not included in the GMDSS and do not have VHF radios with DSC. Other resources include Navtex weather reporting and navigational information, search and rescue equipment such as radar transponders—SARTs—and emergency position indicating radio beacons,

or EPIRBs. Those without such things will be most vulnerable after the cutting back of local coastguard stations.

I do not believe that the coast of Devon and Cornwall can be served well by one station alone that operates from Southampton. As has been said, many names of familiar landmarks that can be used to identify a position at sea are often pronounced differently. I believe that just a couple of minutes' delay in a very cold sea can make the difference between someone surviving or not. Hypothermia can set in, and everybody knows that people do not survive long in cold water.

The sea can be the most beautiful place in which anybody can spend their time, but it can change quickly—believe me, I know after living for 25 years in fear of seeing the sea change overnight or within hours. One thing my experience has taught me is that we must have respect for the sea at all times. If we lose that respect and believe that we can beat the sea, we are finished. While I welcome the extension to the consultation period, when the Minister looks at the responses, I urge him to ensure that he does not lose respect for one of the most dangerous but beautiful elements in the world. If he does, not only will he let down fishermen's wives such as myself, the wives of sailors and other users of the sea, such as our young people, but he will let down the whole nation.

3.59 pm

Dr Alan Whitehead (Southampton, Test) (Lab): It is a pleasure to follow the hon. Member for South East Cornwall (Sheryll Murray), who I believe knows more about this subject from, among other things, direct experience than anyone else in the House. If people listen to no one else this afternoon, they should listen to the hon. Lady, because of what she says from direct experience of what it is to go to sea, what is involved in safety at sea and in calling out the people who can provide support and assistance for those at sea. What she says about the idea that all those things might be co-ordinated from somewhere in Southampton is something of which I am very aware.

Being the Member for Southampton, Test, I do not think that I fall into the category of Members who come along to the debate to whinge about their particular centre, so perhaps it is particularly important that I say a few words this afternoon because I am not a Member who could be accused of coming along to the debate and whingeing about their centre. As is generally known, although the MCA headquarters is not in my constituency, it is 85 yards away, so it is almost there.

According to the proposals, the Solent will have a brand-spanking-new centre, with 24-hour cover. One might say that that is fair enough: the Solent is one of the most congested areas of sea around our shores, so it should have that centre. However, it is also true, as we have heard, that our seas in general are becoming more congested. The volume of shipping is increasing in many areas. Many more large ships are confined to deeper water in restricted channels. As we have heard, large numbers of offshore renewable energy installations are being developed around our coasts, restricting the areas available to shipping.

Our shipping is getting larger. Today's ultra-large crude carriers carry up to 500,000 tonnes of oil, some five times the capacity of the Torrey Canyon. The largest container ships—those coming into Southampton—are 1,000 feet long and can carry more than 11,000 containers.

Our coastline is getting busier. The UK has more than 10,500 miles of outstandingly beautiful coastline. Millions of people use our seas, coasts and beaches for an increasingly wide variety of recreational purposes, often in areas that are also used by commercial shipping, as is the case in the Solent.

Weather conditions are becoming more extreme. More frequent and more intense storms have been occurring. That increases the risk to ships. Therefore, there is an increasing requirement for the coastguard to provide navigational advice to mariners in the most congested areas.

As a result of all those factors, the number of incidents to which the coastguard has to respond has been rising—from 16,500 incidents in 2005 to 20,544 in 2010—and it is likely to continue to rise.

I have to make a confession now, Mr Crausby. All the words that I have said since the phrase "our seas are becoming more congested" are not mine; they come from page 12 of the consultation document. Anyone reading those words and then turning the page would expect to see many proposals to strengthen, expand and enhance the coastguard service, for precisely the reasons set out in the consultation document. The problem that we are grappling with is that it is very hard to see how the proposals in the consultation document would bring about that level of enhancement.

It is claimed that the service is being modernised, and I think there is widespread consensus in the Chamber that a lot of modernisation of what the coastguard service does can be undertaken. The problem is that the consultation document is not clear, and therefore the debate is not clear, about whether the proposals are designed to save a large amount of money, in which case the first thing that should have happened at the point of the proposals being made was a series of risk assessments to see whether a safe coastguard service would be retained after their implementation. However, as far as I am aware, no risk assessment, no modelling and no simulation tests have been done as a result of the proposals being made.

Alternatively, if the proposals are indeed modernising proposals to make the service better, an understanding needs to be reached of why the service will be better, and why a service based on two centres, one of which would be Southampton, with the other centres open only during daylight hours, would be better, more modernised and more efficient. In terms of the future for the service in Southampton, yes, it will have 24-hour cover. Nevertheless, it will be a maritime operations centre in addition to anything else it may do. The definition of that maritime operations centre includes, among other things, co-ordinating the whole service, as one of two such centres in the country. As we heard, taking calls and co-ordinating services across a huge expanse of coast is way beyond any experience that centre may have of what such a service would consist of. I wonder about the strain and stress that will come upon those people. Yes, they will have jobs in the centre, and yes, it will be a 24-hour service, but they will be co-ordinating a service on the basis of quite possibly nothing much being on the other end of it. We are

[Dr Alan Whitehead]

talking about circumstances in which people are directing services in a remote part of the country and hoping that they have done a good job and got it right.

It was stated at a recent hearing of the Transport Committee, chaired by my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), that the proposal was okay because 70% of incidents occur during daylight hours. Another way of putting that is that 30% of incidents occur during night-time. If a centre is co-ordinating a number of other centres that are physically not available during night-time hours, the strain on that centre will be quite considerable.

Mr MacNeil: Sometimes the issue is not the number of incidents. If we have one more Braer, we will have quite a disaster on our hands. Sometimes the magnitude of one incident can almost eclipse every other incident. That is the crux of the matter. We are talking about a maritime insurance policy, but unfortunately it seems to be being cast aside.

Dr Whitehead: The hon. Gentleman makes a very important point about what the service consists of and the problems that it encounters. That suggests to me that the idea that the consultation document is about modernising the coastguard service is only partially correct. Again, that was underlined by the evidence recently given to the Transport Committee by Sir Alan Massey, who made this curious statement:

> "For my agency, I am required to find a 22% budget reduction in my programme between now and 31 March 2015. In seeking to find those savings, we have had to put forward a number of savings options. One of them does affect the coastguard modernisation programme."

As I read it, that means that there was a coastguard modernisation programme and that the proposals for making savings have affected it. That may have been a misstatement, and it may deserve further analysis, but if the proposals are about savings that could affect a modernisation programme as opposed to being about the modernisation programme itself, that should be the basis for discussing the consequential examination of the proposals, and not otherwise.

Mrs Ellman: Does my hon. Friend share my concern that the proposals could be based on cost savings rather than safety, which makes it so important that we should consider all the proposals in detail, and consider all the representations?

Dr Whitehead: I share my hon. Friend's concern. Indeed, if that is the basis on which the proposals were made, I believe that a careful examination should be undertaken of the consequences. If it cannot be shown beyond doubt that there will not be a substantial reduction in safety and call-outs, and that there will be a substantial reduction in confusion over place names and so on, the case is seriously flawed.

The consultation document sets out what the savings might be, suggesting that they will be in the region of £130 million over 25 years. That sounds a substantial sum, but it represents savings of less than £5 million a year. Those savings, which are not enormous, will result in substantial and fundamental changes, going from a system of area-by-area coastguard stations to one that has two centres, and daytime-only call-out centres in a reduced number of areas throughout the rest of the country. That, it seems to me, is not a supportable way forward for the future of the coastguard service.

I join other Members in realising that the service needs to be modernised. I understand that we are in difficult financial times, but there has to be a plan B for the service. It should be urgently reviewed as a better way forward. I commend all Members and others who have been involved in looking at what that plan B might be, and I am pleased that a further six weeks' consultation has been agreed. However, if we do not seriously consider alternative arrangements to what at present is a muddied and uncertain document, we will regret it at our leisure.

4.13 pm

Mr Adrian Sanders (Torbay) (LD): May I say what a pleasure it is to serve under your chairmanship, Mr Crausby?

It is disappointing that this debate was switched from the main Chamber, as the subject could have been debated on a substantive motion. I find that Governments respond much more positively to substantive motions from time to time. However, I am sure that the Minister will be an exception.

The proposed reconfiguration of Her Majesty's coastguard is of great concern to my constituents, as it is to those of other hon. Members. Although the consultation document published by the Maritime and Coastguard Agency is still open to comment from the public, the agency's proposals appear severely to undermine the ability of the coastguard service to ensure

"safer lives, safer ships, and cleaner seas".

Within an evolving maritime environment, I believe that the agency is right to reassess the efficacy of the coastguard service, to ensure that search and rescue teams can perform to the best of their ability. However, I fear that the current proposals, which are aimed at reforming the operating model of the coastguard, could reduce its capability to manage the use of our seas and protect those who live alongside them. I strongly believe that plans to replace the existing 19 centres with nine centres, of which only four will operate on a 24-hour basis, will significantly weaken the ability to conduct search and rescue operations. Plans to establish two nationally networked maritime operations centres would leave just six sub-centres spread thinly around the country's coast, and most of them would operate only during the day.

The closure of 10 maritime rescue co-ordination centres would have a direct effect on my constituency of Torbay, which is currently protected by the Brixham centre. It provides an invaluable service to mariners and coastal users by receiving incoming distress calls, alerting the appropriate rescue assets and co-ordinating rescue efforts over the 130 miles of coastline of Devon and Cornwall. Under these proposals, the Brixham centre would be closed within two years, and that would have heavy repercussions for constituents and all who come to enjoy the south-west coast.

The most critical threat posed by the centralisation of the coastguard service is the considerable loss of local knowledge. Operators in local centres have a detailed understanding of the requirements of local communities

and a strong knowledge of the key features of the local district. Operators in Brixham, as elsewhere in the country, obtain and maintain a high level of local knowledge by walking the coastal terrain, interpreting the topography and learning the tides and coastal hot spots, to understand the associated dangers in the region.

When search and rescue co-ordinators are faced with multiple incidents, as is often the case during the busy summer months in the south-west, it is crucial that distress calls receive prioritisation. Prompt and successful rescue missions are possible only if the operators have a high degree of local knowledge upon which they can make sound assessments. Of course, the proposed maritime operations centres may very well be better connected to larger vessels, where local knowledge is arguably less important.

The vast majority of search and rescue missions involve the leisure industry. This is where local knowledge is vital. Thousands of holidaymakers descend upon the south-west coast during the summer months, and many families make use of small craft and inflatable toys and enjoy our inshore waters, beaches, cliffs and coastal walks. On a recent visit to the Brixham maritime co-ordination centre, I was told by staff that on too many occasions children have been swept out to sea, people have been thrown overboard, swimmers have got into trouble, divers have gone missing, people have got into difficulty on rocks or cliffs and that any number of other life-threatening incidents have happened within the boundaries of my constituency when they had to act. In such instances time is critical; it is essential that operators know exactly where the incident is unfolding to ensure that the correct search and rescue asset is deployed to the correct location.

According to the consultation document, the loss of local knowledge is to be replaced by on-call coastal safety officers and the questionable modernisation of computer-based technology. Additionally, the RNLI and local coastguards will be expected to continue to hold the requisite local knowledge. That will require high-quality volunteer training from the Maritime and Coastguard Agency to ensure the integrity of information passed to the maritime operations centres.

Albert Owen: The hon. Gentleman makes a powerful point about the importance of coastguard volunteers and the RNLI. I declare an interest as a council member of the RNLI. The coastguard volunteers have spoken to me about the local knowledge that senior coastguard officers have of their shift patterns. That is a serious matter, because the officers know not to call them directly on certain days. That local knowledge could be lost if the coastguard stations in the vicinity close and no one knows the individuals or teams in question.

Mr Sanders: Many hon. Members have made precisely that point, and made it very well indeed.

Assuming that it is delivered, the significant amount of communication between operators and local volunteers needed to confirm that the correct actions are taken will lengthen the process of the search and rescue mission and place lives at risk. The over-reliance of these proposals on upgraded technology is another matter of concern. If new technology is fully integrated, the availability of video mapping and local tidal information covering the entire 11,000 miles of the UK's coastline will undoubtedly improve existing services. Why can those systems not be installed and integrated within the existing structure? It is essential that the software can determine a unique position when the information is provided by those involved in an emergency. Given the large number of coastal locations with the same or similar name and often without a postcode, it is essential that human knowledge is involved in the process.

Despite constant reference to upgrading software and fully exploiting the capacity of existing technology, I remain unconvinced that a centralised maritime operation centre could effectively manage the large volume of emergency calls that can be expected during busy operation periods. Moreover, fire and rescue control rooms were only required to operate one communications system with their units. However, the mix of communications systems needed to operate search and rescue is far more complex, including very high frequency, medium frequency, satellite, mobile phone and pager systems and landlines. The enormous additional work load of the data processing element of operations officers' activities has not been fully evaluated.

Mr MacNeil: Will the hon. Gentleman give way?

Mr Sanders: I will not, because I am trying to stick to the agreed time so that the Minister can make a full speech.

As with air traffic controllers, coastguard operators can only safely control a limited number of search and rescue missions at any one time. Last year, Brixham coastguard dealt with 1,300 incidents and co-ordinated the rescue of 300 people along the south-west coast. The Government accept that the cost of the loss of life is £1.4 million. Multiply that by 300 and we can see that Brixham alone possibly saved £400 million. The entire-cost saving over 10 years of this proposal is £60 million. It is crazy.

During the summer months, it is not unusual for both Falmouth and Brixham simultaneously to co-ordinate 15 to 20 incidents each during a 12-hour shift. Considering the proposed staffing cuts in the new operating model, it is impossible to imagine how two national centres could safely manage such large quantities of calls from across the country. Furthermore, the Department's own risk assessment recognises that, although the likelihood of mission failure is slightly lower, the effects of a system failure are likely to have a much greater impact on the proposed operating model.

Equally concerning are the consequences that the plans pose to the economy of small coastal communities. That is particularly pertinent in my area, where many of my constituents are employed in tourism, fishing and maritime industries and rely heavily on the invaluable service provided by the operation centre. Of the proposed job losses, 24 will be from Brixham and the surrounding area. As an unemployment hotspot, the area can ill afford to lose a single job.

A parliamentary question that I tabled recently further highlights my concern that recommendations in the consultation document for a two-year transition period do not provide sufficient time for employees to adjust to the reconfiguration. The Minister's response that a five-year transition period "was not necessary" fails to take account of the substantial impact that the proposals will have on the lives of those currently working in the service.

[Mr Sanders]

Although career opportunities within the new operating model exist, current staff would be forced to compete for fewer jobs and to relocate.

I understand that the proposals are still open for consultation, and I welcome the Minister's decision to extend the consultation period. Indeed, I am assured that the enormous public response will serve to broaden debate on coastguard reform, as is appropriate for an issue of such importance.

Given the ongoing nature of the consultation, I am not sure how much detail the Minister can give in response, but I want him to recognise that the link between coastguard operators and the local community is of the utmost importance for maintaining high levels of safety at sea. Equally, will he recognise that the proposals place too much faith in the capacity of untested technology upgrades in the planned operating system?

Ultimately, safety at sea, rather than cost-cutting, should be the priority. The proposals achieve neither. I hope that the Minister will assure me that the Government will reconsider their proposals on wholesale reform and instead conduct a sincere investigation into strengthening the existing structure of Her Majesty's coastguard.

4.24 pm

Mr Russell Brown (Dumfries and Galloway) (Lab): I thank the hon. Member for Truro and Falmouth (Sarah Newton) and her colleagues for securing this debate through the Back Bench Business Committee. I also thank Mr Philip Naylor of the Maritime and Coastguard Agency for listening to my pleas to include my area in the recent series of public meetings. My area has a coastline of some 200 miles with two ferry companies and a number of fishermen operating out of it, so it has a significant amount of maritime activity. It was good of Mr Naylor and his colleague, Bill McFadyen, to come to the maritime meeting last Thursday.

Before I run through a couple of important issues that were raised today, let me say that my hon. Friend the Member for Inverclyde (David Cairns) is not in the Chamber, although he would have loved to be here. He has made a submission to the consultation, putting the case for retaining the Clyde maritime rescue co-ordination centre. In a document on the planned closure of MRCC Clyde, a shipping industry expert says:

"I honestly believe this is utter madness and will end in disaster."

The document is first class and worthy of consideration, as is the case made by my hon. Friend.

If I repeat anything that has already been said this afternoon, it is because of its importance and significance. We have heard a great deal about local knowledge today, but local dialect is important, too. We have heard many dialects in this debate. Members who live 300 or 400 miles apart are beginning to understand some of them. It is important that we get this matter right. There are two fundamental issues in the entire process: minimising errors and chasing the clock. When we talk about minimising errors, we are referring to the initial information-gathering processes: the location identification, the casualty incident description, the response required, the assurance of effective communication between the casualty or first informants and the resources and co-ordinators. Minimising errors also relates to work-load distribution and the management of resources.

Chasing the clock is as it sounds. We all recognise that when HM coastguard receives notification of an incident, the problem or the disaster has already taken place. Given that the incident is being reported after the event, action must be taken as quickly as possible. The race against time starts at the exact time of receiving the call. The time difference between call reception and incident commencement can be anything from a few minutes to a matter of hours. Irrespective of the amount of time that has passed, the search and rescue response is already lagging behind.

The remote handling of search and rescue co-ordination from the maritime analysis and operations centre increases the risk of error as a result of the many additional assumptions that the new system would employ in trying to establish area, nature and appropriate response from the initial call. That leads to the insertion of time into the process, which equates to the potential loss of life. It is about that information gathering and handling that information as appropriately and as quickly as possible

The hon. Member for Truro and Falmouth mentioned the table-top exercise that took place last year. If we proceed with this process, or any other process—I recognise what my hon. Friend the Chair of the Transport Committee had to say on this matter—all the information that goes through that exercise on its own must be what people will identify as being good, decent information. From what I can gather, that table-top exercise did not provide the full information that is required. I make a plea to the Minister: before we process any of this any further, that table-top exercise needs to be handled in real time. I accept that the exercise was based on information that came in about incidents on a specific day in summer 2006, but all that was done was a redistribution of each and every one of those incidents on to a map. There was no real-time activity, which would determine how individual sites might handle those cases as they came in.

I am not in denial—I recognise that this process is about making financial savings. It must be recognised that the process began back in 2007. There was an industrial dispute, and off the back of that dispute there was an agreement between the two parties involved: the management and the unions. I have not come across a single union member who is opposed to change in the process, provided that it delivers a service with which they are comfortable, and which they believe they can deliver to help to save lives. That is their duty; that is what they see as being paramount. So, even if there is little that the Minister can do, I hope that he will go back to that table-top exercise and ask for at least part of it to be conducted in real time. I will say nothing more than that because I want other colleagues to be able to make their contributions to the debate.

Several hon. Members *rose—*

Mr David Crausby (in the Chair): There are still five or six people trying to catch my eye, so I would appreciate it if Members could make their speeches a little shorter.

4.31 pm

Richard Drax (South Dorset) (Con): Mr Crausby, I will launch straight in. Thank you very much indeed for calling me and I offer my thanks to my hon. Friend the

Member for Truro and Falmouth (Sarah Newton) for securing this debate. I pay tribute to all those who work in the rescue services, and I welcome the Minister to Westminster Hall today. As a former soldier and firefighter, if anyone knows what we are talking about and can listen to what we are saying it is him.

I have a personal interest in this subject, because one of the 18 centres that we are discussing is in my constituency of South Dorset. It is, of course, the Portland coastguard station and I am instinctively protective of it. It is one of the busiest stations in the country, perhaps 20 times busier than other centres. Anyone who has been down to Portland during the peak summer period will know how busy it is. In fact, hardly a day passes without one seeing the air-sea rescue helicopter in the air after it has been called out for one emergency or another.

I am delighted that the Minister has told me, both privately and in public, that the rescuers—the helicopter crews, the lifeboats and the volunteers—will remain. What I am concerned about is that they will not be co-ordinated by local people. To me, that is the Achilles heel of the new system, and I will say more about it shortly.

We are told that the operation will move to the new "super-centre" at Solent, for lack of another word. First, as I understand it from my local coastguards, it is unlikely that any of them will go there. They are local people who are busy with family commitments, and I can assure people that the journey to Southampton from Portland probably takes about 90 minutes, because the roads in Dorset are appalling.

Secondly, I ask hon. Members to imagine a busy, hot bank holiday on the south coast. Millions of people are enjoying our seas and cliffs. Staff at the new super-centre will be bombarded with minutiae, and there will be many different events running concurrently. Time will be lost as each call is assessed, questions are asked and instructions are sought. Currently, the local watchkeepers in South Dorset and around the country get out of bed and the first thing that they do is to look out of their window. They immediately appreciate what is going on around them. They do not have to look any further to know all about the weather and the wind. If those centres are lost, the ability to co-ordinate local knowledge, so that rescuers can be best targeted and the best resource used, will be lost, which will lead to delay. As I have said, that is the Achilles heel of this proposal.

Thirdly, if we lose that human link in the chain, even with the best will in the world, I do not believe that the super-centres and their staff—not all of whom, of course, will be familiar with the areas that they are covering—will have the knowledge that they should have. There is a great deal of complexity in my part of the world in South Dorset. Like many places, it has quirky names for bays, caves, cliffs, currents and tides. At the moment, coastguard staff walk their area of responsibility and know it intimately. I doubt that that will happen with the new super-centre. Computers will help, and reference has been made to the so-called "rescue by Google". However, as the Minister and I both know, the best intelligence is "human int." and the "mark 1 eyeball", to use a military expression.

Fourthly, and leading on from my last point, technology is not always reliable. Computers tend to break down, and the fewer computers that we have, the bigger the catastrophe when things go wrong. Fifthly, speed is vital. We have heard about that already. One of my constituents, an ambulance dispatcher, summed it up neatly when he explained that it is the "golden hour" that counts on land, while on water it is down to minutes, or, as my hon. Friend the Member for South East Cornwall (Sheryll Murray) said, seconds.

Sixthly—and this is not to be underestimated—the uniformed presence in our constituencies is important. We live in a country that has many problems. The uniformed presence in my constituency adds to the role that staff play, with a ripple effect of seeing those men and women who are highly respected. Many people come into the coastguard station and ask for other things to be done, quite apart from the jobs that the coastguards are doing, which is keeping everyone at sea and along the coast safe. We must not ignore that uniformed presence.

We have all had a good whinge, and I am no exception, but may I offer a solution? We have 18 centres that are fully manned, despite the discrepancies in their work load. One reason is that they are not fully integrated. Surely, surely, surely, we can interlink 18 centres, so that they can be used more flexibly. They would not necessarily be open all the time, but they could be used more flexibly, so that in the summer the emphasis is on the south coast, and in the winter months it is on Scotland and Northern Ireland. I am not saying that there would not be any cover in the summer months, but Members can see what I mean and accept the logic of my proposal.

Under the existing system, if we lose one centre, we are down about 5% of our capacity. Under the new system, and certainly at night with the two new super-centres, we would be down 50% of our capacity. That is a huge difference. May I put two questions to the Minister? First, are the locations that he is considering for these super-centres—the substations that have not been chosen yet—being selected on the basis of cost or of strategic importance? Secondly, will he confirm who will monitor channel 16? As I understand it, that monitoring will cease. I am a sailor, and perhaps many other Members here today are too, and we rely on channel 16.

We know from bitter experience how expensive these things can be when they go wrong. The Minister has told me that the fire service reorganisation does not compare with these measures—I am afraid that I disagree with him—but it cost the taxpayer more than £400 million. I do not think that we can afford that today. Relying on these two super-centres for the whole country, albeit with bells and whistles, appears risky at best and foolhardy at worst. Will they provide the resilience and integrity that we need to cover 11,000 miles of coastline? I and many others do not think that they will. I am afraid that the idea of Aberdeen taking up the slack during a very hot and busy bank holiday weekend, because Southampton or Solent has gone down is pie in the sky.

Finally, I turn to the consultation. I sent one of my representatives to a recent consultation, which sadly I could not attend because I was speaking in the House. As I understand it, the coastguards who attended were told not to go in uniform and not to identify themselves. Personally, I found that a little sinister and threatening in what I thought was a democratic country. I believe that this is an open debate. Does the Minister agree with me that if coastguards want to go to such meetings in uniform they should be allowed to do so?

[Richard Drax]

I come to my final, final point. I believe that we are in grave danger of wrecking one of our finest and proudest organisations. As we have heard, we have already cut it down from hundreds of watchtowers to the 18 centres that we are discussing today. I am grateful for the extended time that I have been given to speak, but will the Minister please, please, please consider this very serious issue? Let us try to hope that the solution that we arrive at leads to our retaining the integrity of a service that we have come to respect and love.

4.39 pm

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Member for Truro and Falmouth (Sarah Newton) was absolutely right when she opened her speech by saying that we were on the graveyard shift. I almost thought that I would be in the graveyard of the debate, so thank you for calling me, Mr Crausby.

Unfortunately, we are in here because of the machinations of the Backbench Business Committee, and that deserves a few words. We must ensure that more Members lobby the Committee so that we get on to the Floor of the House, as we hope to do, on 28 April—that is a possible window. I urge hon. Members to lobby the Chair and members of that Committee. I was very perturbed when, because of the internal politics of the Committee, the entire day that we were meant to have for this debate was given over to the debate on UN Women. I contributed to that debate, and was told by, shall we say, a senior voice to speak for as long as I could and to take interventions. It is my belief that we could have had our debate on the Floor of the House that day, with all the attendant publicity and spotlight that that would have given us. I know that the Minister would have been welcomed holding our debate on the Floor of the House, and that he, too, was perturbed when it was moved.

As a result of my complaints at the time, I was kindly given an Adjournment debate by Mr Speaker, but I pulled it to allow the Minister to go to Stornoway and Shetland—I am grateful that he did. I am also grateful for the extension, but I am perturbed that we are again in a situation in which we are rushed by time. In the previous debate, I spoke for three minutes and crashed my remarks together as quickly as possible. We are nine parties united on this.

Andrew Percy (Brigg and Goole) (Con): I just want to demonstrate that point. I am the only Member here from the Humber, and I will be unable to speak due to the time available, so no one from the Humber will be able to put forward the case for our particular coastguard. The hon. Gentleman is entirely right that the machinations are stifling debate on this important subject.

Mr MacNeil: Absolutely. We want this issue to be considered on a substantive motion on the Floor of the House on 28 April, and with hon. Members' support, I hope that we will achieve that.

I am delighted that the Chair of the Transport Committee, the hon. Member for Liverpool, Riverside (Mrs Ellman), is in the Chamber to hear our proceedings. I can but hope that I will see her and her Committee in Stornoway at some point in the future.

I am the MP for the longest chain of islands in the UK, and my constituency has probably the longest coastline. The right hon. Member for Orkney and Shetland (Mr Carmichael) might dispute that, but we are not going to walk every inch to find out whose coastline is longer. However, my constituency's coastline is certainly disproportionate to its area.

The modernisation proposals coming from the Maritime and Coastguard Agency are concerning in the extreme. When the Minister was in Stornoway, he visited the Iolaire memorial. On new year's day in 1919, 205 men out of a crew of 280 lost their lives when returning from world war one, and that is still a sore and well-remembered point in Lewis.

The reduction of the number of co-ordination centres in the UK from 18 to 10, with only two in Scotland, is the wrong decision. The hon. Member for Ynys Môn (Albert Owen) asked whether there should have been a statement to the House at the time of that announcement. I asked Mr Speaker for a statement on a point of order, but unfortunately I was not given one. I agree that we should have had something more thorough in the House at that time, so hopefully we will get that later.

The modernisation proposals will result in England having six co-ordination centres, while Scotland will have only two. The current proposal is that the two Scottish centres will be based in the north: one in Aberdeen, for real estate and lease agreement reasons, and one in Stornoway or Shetland. That proposal is unacceptable because both Stornoway and Shetland need centres, given the considerable distance between them. Only one of the two centres will be a 24-hour centre, while the other will be open only during the hours of daylight. When the MCA was in Stornoway, it was asked what hours of daylight might mean—would the centre ever close in summertime, and would it ever open in winter? There was no real answer. There was an answer on the hoof about the times being perhaps 7 am to 7 pm, but no consideration had been given to that very basic point.

Scotland will be left with just two stations to cover 60% of the UK's coastline, yet the MCA thinks that that is more than adequate. According to its consultation paper, it feels that it could monitor the waters around the UK from one central location, but it has chosen not to pursue that argument. That feeling has been comprehensively destroyed by Members from the nine parties with concerns.

There is concern about the loss of local knowledge. The MCA feels that it can address the issue of local knowledge by using highly detailed maps or GPS technology, but I am referring to local knowledge—we heard about this in relation to Wales—that knows the difference between Marivig and Maaraig in my constituency. As the right hon. Member for Stirling (Mrs McGuire) mentioned, the area is predominately Gaelic, and the place names are Gaelic, or Norse but gaelicised in the intervening centuries. The local knowledge to which I am referring allows a co-ordinator to communicate a position to a rescue team down to a specific tree in a specific field, if they are an urban dweller, or down to a specific rock on the coastline, because they know the area so well.

We know that the life-saving helicopters contract has had its problems, and our rescue tugs will have question marks over them as well. I really do not understand

how cutting our co-ordination centres and the assets that the coastguard uses to save lives will result in a better coastguard. To be fair, I do not think that the MCA has thought it through either—I have given some examples. I really do feel sorry for the Minister because he has been given a poisoned chalice by the MCA. If he could have looked in a crystal ball and seen how things would pan out, perhaps he would not have accepted that chalice quite so readily, but I will leave it to him to tell us that.

I was the first Member to raise the issues of risk assessments on the Floor of the House. From the Dispatch Box, the Secretary of State for Transport told me that a risk assessment had indeed been carried out. However, in a briefing in the House five days later, the chief executive of the MCA, Alan Massey, said that no formal risk assessment had been done. It was distressing to learn that the coastguard was considering the proposals without being able to know whether the basic work had been done to see if they were safe. A risk assessment was eventually published, of course, but who can trust a risk assessment that was done to fit the MCA's story, which is what I suspect has happened, as opposed to one that leads the process? I do not trust it, and I am sure that many others do not either.

I also want to mention the Royal National Lifeboat Institution. Perhaps we could pressurise it to free up its teams—its crews and coxswains—to speak with a freer voice, instead of our just hearing something from the RNLI centrally. In my area alone we have teams in Stornoway, Lochinver, Mallaig, Castlebay, Portree and Kyle, and I would like to hear their opinions, including on a very formal basis. Some of the coxswains and crews tell me that they do not in any way praise the proposals. The RNLI has to empower its crews and enable them, their coxswains and their launch secretaries to enunciate their very real concerns, which are based on their knowledge of the areas in which they work.

The coastguard service needs to be improved and to adapt to the changing conditions at sea. The MCA has said in its consultation that the seas are getting more congested, ships are getting larger and weather patterns are getting worse. Scotland is responsible for 70% of UK fish landings, and we need to ensure that when our mariners go out to sea, their lives are as safe as possible. I reiterate how concerned I am that the proposal has been pushed in some ways by real estate considerations. In addition, the savings are minimal. I think that £120 million will be saved over 25 years, or £4.8 million a year, which is such a small figure that it was not mentioned in the comprehensive spending review.

A letter has come to me from Councillor Dominic Lonsdale of Weymouth and Portland borough council with reference to the Freedom of Information Act 2000. He wrote to Sir Alan Massey:

"The MCA lodged a planning application on 20 May 2010 with Gosport Council for a new MRCC at the Deadalus site."

The councillor's contention was that the planning had taken place long before the paper came out following the change of Government. In its first answer to him, the MCA had said that it was going to change the type of building, but he could see from the scale of the work that such serious plans were in hand that there was clearly another agenda. The letter goes on:

"I put it to you that the reply I was given of 9 June 2010 was neither full, honest nor within the spirit of the Freedom of Information Act."

I will certainly pursue that issue further.

I am feeling harassed, because although there are a number of details and issues that need proper time for discussion, we are again not getting that because this debate will be truncated. I am aware that I have spoken for 10 minutes and that other Members wish to speak.

It is disappointing that our debate has been rushed and that we have not had the opportunity to consider a substantive motion on the Floor of the House. There are plans in the air among the coastguards that we would be happy to support in a motion, but a debate needs to be held on the Floor of the House. I hope that that will happen on 28 April. This is about safeguarding our coastguards—the maritime insurance policy around our coasts. That is an important issue, and it should be debated on the Floor of the House of Commons.

4.50 pm

Dr Sarah Wollaston (Totnes) (Con): I will cut my speech short, as other hon. Members wish to contribute. We are not disputing the need for modernisation. We accept that the technology of Her Majesty's coastguard is outdated, but the staff are not. I dispute whether we can reduce the number of staff from 491 to 248 without a significant loss of local knowledge.

Detailed local knowledge is important, as is recognised in the fact that coastguard officers take rigorous local knowledge tests on their area of responsibility every two years and must receive an 80% pass mark to continue carrying out their highly professional role. I dispute whether two maritime operation centres could carry out such a role. To illustrate, if a child on a lilo is in difficulty off Blackpool sands, is the maritime operation centre likely to send the rescue effort to the west coast or to my constituency, which has a small cove by that name?

As time is short, I ask the Minister to consider the alternative proposals from Brixham coastguard. When he met Brixham coastguard, he invited its members to propose an alternative. They have discussed it with at least 14 other coastguards, who have endorsed their proposals. Time is short, but I hope that he will agree to consider them in detail.

To summarise the proposals, Brixham coastguard recognises the possibility of reducing the number of stations, but it proposes reducing that number to 14 rather than adopting the current proposals. It disputes the rationale for having two central maritime operation centres, but it understands that it might be necessary to review how duty rosters are managed and to use more of an evidence base to consider the details of call-outs, for example. That would be much more rational.

Brixham coastguard feels that it is possible to improve rostering, reduce staff and rationalise the management of the coastguard. For example, it disputes the need for regional management and suggests that we need only one national management centre for the coastguards. Again, that would generate considerable savings.

A review of technology is essential, but Brixham coastguard suggests that we consider electronic charts. It currently buys its own. Electronic charts are used by

[Dr Sarah Wollaston]

the RNLI and shipping, but not by Her Majesty's coastguard. The current system is outdated.

Brixham coastguard asks the Government to reconsider the replacement of radio equipment. There is a strong feeling in the coastguard that the system has not been adequately piloted. I have heard, for example, that it has been difficult to page rescue teams. I ask the Minister to reconsider and definitely to pilot any new system before it is rolled out.

The Minister knows what issues have arisen with fire and rescue centres, so I will not reiterate them—many Members have already made the point—but I will mention the fiasco of the NHS's over-reliance on IT. More than £12 billion has been spent on a system that has not been fit for purpose. It is a question not of just throwing money at the problem, but of piloting systems and ensuring that they do the job required of them.

The Brixham proposals ask the Minister to consider an alternative method of linking stations. We all recognise that resilience is an issue within the coastguard, but will he consider extending stations' areas of responsibility, so that they cover the stations to either side and are linked in triplets? That would increase resilience, rather than having centralised maritime operation centres, about which all Members who have spoken have expressed concern. That way, we can retain local knowledge and improve resilience. We feel that that, as well as considering staff rostering, would be a much better way forward.

I reiterate the strength of feeling nationally. Within my constituency, my local paper, the *Herald Express*, published an article on the issue and had 6,625 signatures and letters. That shows the strength of local feeling. I am sure that every Member will have seen similar responses in their constituencies. It is a national matter that we hope the Minister will take back to the drawing board and start again with a blank sheet of paper. The coastguards who do the job on the ground feel that they were not consulted and that experts or coastguard officials who had been away from operational responsibilities for some years were involved. I ask him to consider proposals from grass-roots coastguards with multi-centre support.

4.55 pm

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Given the time available, I will restrict my comments entirely to the coastal community of Pembrokeshire. We are proud of our national park and of the people who look after it; we are proud of the industries that surround Milford Haven; and we are proud of the coastguard that has looked after it for such a long time with such skill and dedication. We are also proud of my hon. Friend the Member for Preseli Pembrokeshire (Stephen Crabb) for doing so much work on the topic, although his responsibilities in the Whips Office prevent him from being here.

If I may, I will turn the Minister's mind back to 15 February 1996, when the Sea Empress went aground off St Ann's head, spilling 72,000 tonnes of oil into our haven and on to our coastline. I remind him of the 200 km of damage to our coastline and the profound damage to our local community and tourism industry. I also remind him—as though I needed to—that the effect of that disaster is still being felt 15 years later.

Given our pride in our haven and the incidents that have occurred there over the years, there is a feeling of nervousness, which is made worse by the fact that the universal tug service has been withdrawn—some might add, with good reason. We are nervous about threats to the helicopter search and rescue service that has helped us all these years. That nervousness is the context of this debate and the background to the local community's uprising in the arguments currently raging in west Wales.

There was a rally in Milford Haven last week, to which the hon. Member for Ynys Môn (Albert Owen) came. There were 17 political speakers; there are almost as many today. The town band was there, and the mayor came to put the case for the Milford Haven coastguard. A campaign has been run with great reasonableness by the *Western Telegraph* and the *Milford Mercury*, and a campaign by Save Milford Haven Coastguard has gathered many signatures.

Reasonable arguments are being put by reasonable people. I will not rehearse the arguments, but I stress the comments made about the Welsh language and flag up the need for healthy scepticism, technology reliability, risk assessments and back-up measures. I remind the Minister that when the 999 service was centralised not so many years ago, if someone rang 999 and asked for an ambulance to come to Newport, Pembrokeshire, it was not unusual for it to go to Newport, Gwent, 140 miles away. People are not particularly happy about that.

Real concerns are being expressed by real people making sensible arguments. History is relevant, especially in Milford Haven. There is confusion about whether the proposal is the MCA's, the Government's or, indeed, the last Government's. The Minister's visit last week to the Milford Haven area allayed many fears. It was a great success, and I urge him to do it again. Our community recognises the need for reform and changing technology and it recognises financial restraints, but I hope that as a consequence of his visit to Milford Haven, he will recognise that there is an obligation to balance those requirements with the hopes, expectations and fears of the community. They deserve nothing less.

4.59 pm

Jim Fitzpatrick (Poplar and Limehouse) (Lab): It is a pleasure to see you in the Chair this afternoon, Mr Crausby. If I finish before 5.15, as I think I may, you might have time to indulge another colleague before the Minister gets his 15 minutes.

I congratulate everybody who has participated in the debate. It demonstrates the strength of feeling and concern across the UK about the proposals being consulted on for the future of the coastguard service. I am disappointed that we are debating the issue in Westminster Hall and agree with the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) that a debate in the main Chamber would have been better. I also support the suggestion made by my hon. Friend the Member for Ynys Môn (Albert Owen) that the Minister should make an oral statement when the matter is concluded. I am sure that he would welcome the opportunity to do so, and it would be a good way to allow colleagues to question his conclusions fully.

I thank the Minister for his correspondence on 8 March, which has already been referred to. He gave us more information, further to our previous debate on the issue, and the extension of the consultation allowed

the Transport Committee, chaired by my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), to carry out its investigation and to contribute properly to the consultation. I look forward to hearing more from the Minister about how far he has got on his UK tour and how many more visits he is likely to undertake.

Right hon. and hon. Members have raised various concerns. The hon. Member for Truro and Falmouth (Sarah Newton) opened the debate and challenged and asked about the validity of some evidence in the documents. My hon. Friend the Member for Sefton Central (Bill Esterson) indicated the strength of feeling among 250 people at his local public meeting and questioned the effect that the cuts would have on the confidence of volunteers if they were implemented. The hon. Members for Waveney (Peter Aldous), for Torbay (Mr Sanders), for South Dorset (Richard Drax) and for Totnes (Dr Wollaston) raised the issue of local knowledge. The hon. Members for Strangford (Jim Shannon) and for North Down (Lady Hermon) showed, again, the united front of, not all Ireland, but Northern Ireland on the proposals for Belfast and asked the Minister to address the alternative strategy.

We heard a right honourable whinge from the right hon. and learned Member for North East Fife (Sir Menzies Campbell), who correctly made the point that we are here to whinge on behalf of our constituents, although "strong representations" might have been a more complimentary way to put it—the word "whingeing" sounds a little derogatory.

My hon. Friend the Member for Ynys Môn made powerful arguments and cited real-life incidents, and the hon. Member for South East Cornwall (Sheryll Murray), who has personal knowledge of and family involvement in the fishing industry, made a very strong argument indeed. My hon. Friend the Member for Southampton, Test (Dr Whitehead) said that, because Southampton will, possibly, have a super-centre, he has no constituency axe to grind, and neither do I, because the London centre is being retained. My hon. Friend, however, asked serious questions about the reduced 24-hour cover throughout the country. The hon. Member for Carmarthen West and South Pembrokeshire (Simon Hart) raised other shipping concerns, such as the ending of the emergency towing vessels contract, which was mentioned by other colleagues during our previous debate.

At this week's all-party maritime and ports group meeting, we heard from the chief executive of the MCA, Sir Alan Massey, and the chief coastguard, Rod Johnson, who outlined the proposals to the group's members and other attendees. Questions were raised there, and have been raised here and previously, about the technology and about its being tried and tested.

Hon. Members have referred to the parallels, or not, with the regional fire controls, which we covered extensively in our previous debate. I was the Minister who accepted advice from officials that we should go down that route, but it has not worked out. The Minister and I share fire brigade background, so I know that he is sensitive to the issue. He has followed it closely and is looking at it in relation to the controls under discussion. The relocations, the redundancies and the willingness to transfer or not have been raised, as have the general resilience and robustness of the proposals.

It is important to say, as I did in our previous debate, that the Opposition do not oppose reform, reorganisation and improvement, but we have serious concerns about the proposals and whether they are cutting too far, too fast and too deep. Two super-controls seem to be one too few. If one control goes down, there will be only one left. If they work and the technology and communication equipment is effective, I am not sure whether the country ought not to have three. As I have mentioned, we have seen what has happened with the fire controls.

Mr MacNeil: The hon. Gentleman has mentioned cuts. Is he aware of any cuts in the upper echelons of the MCA?

Jim Fitzpatrick: I am sure that the Minister is more up to date with the proposals. He is nodding and I am sure that he will cover that when he winds up. I have said that the two super-controls seem to be one too few, and the number of day-staffed stations seems too restricted, which several colleagues have commented on. The overall numbers make the proposals look as though they are finance-driven rather than operationally driven. Given the historic pairing of stations, which has been explained to us on a number of occasions, there might have been stronger logic in suggesting that a single station from each pair should be maintained, with three super-stations on top. Obviously, the Minister will assess all the representations and submissions in due course.

The coalition document said that there would be no cuts to the front line. Notwithstanding that this is a reorganisation, what is the coastguard if it is not a front-line service? Many people are saying that these cuts go way too far. It is important to remember, however, that this is a consultation, that it has not concluded and that it is being extended. This is, therefore, a good opportunity to put the Minister under pressure. I have spoken informally to the Minister outside this Chamber and know that he is listening and learning, and other colleagues have said the same. We will look closely at the finished document and his conclusions.

I know, owing to my former ministerial positions, the conflicting pressure that the Minister is and will be under, but at least he knows from Prime Minister's questions only a few weeks ago that the Prime Minister has expressed some scepticism about the proposals. He said that the Government remain to be convinced by the MCA's proposals. That is a very reassuring starting point. Every Member who has spoken today and in our previous debate has expressed real concern. I hope that the Minister, in the restricted comments that he will be able to make during his winding-up speech—he has not yet reached the end of the consultation—will give some reassurance that the efforts of the brave men and women of the coastguard service and those who depend on them, as well as those who support them, will not fall on deaf ears and that we will see some changes to improve the proposals, which, at the moment, do not appear to command any support in the House.

Mr David Crausby (in the Chair): Order. I am afraid that there is no time for any other hon. Member to speak, because we need to give the Minister adequate time to respond and the hon. Member for Truro and Falmouth needs to wind up at the end.

5.7 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): I pay tribute to my hon. Friend the Member for Truro and Falmouth (Sarah Newton) for being so diligent in securing the debate and for the tone in which the debate has, in the main, been conducted. I, too, would have liked to have had the debate on the Floor of the House. I do not dispute that argument, and I think that the issue should have that sort of airing. The decision is beyond my pay grade, but I note that the deputy Chief Whip, my right hon. Friend the Member for Orkney and Shetland (Mr Carmichael), is here to represent his constituents, even though he is not allowed to speak. If the issue could be brought back to the House, that would be right and proper.

This is a really important debate. I will sum up what others have said and my hon. Friend the Member for Truro and Falmouth will finish off the debate. I pay tribute to all coastguard staff—full-time, part-time and volunteers. More than 3,000 volunteers do it because they love their community and want to serve it, as do so many others throughout the country. I also pay tribute to the RNLI. It is an amazing organisation that looks after not only us in the United Kingdom, but the Republic of Ireland. That is really important. I also pay tribute to what are called private rescue boats, but which are really volunteers. There are hundreds of them. Some of the constituencies represented here today do not have any, and others have so many that it would be impossible to visit all of them in the time available during a Parliament. They are fantastic and are dedicated to, and love, their community.

Nine parties are represented in the debate. I am proud of that. I served in Northern Ireland for many years and never got the parties together, but I have managed to do it now—for a while. Many hon. Members have come to this Chamber on a one-line Whip, when they could have been in their constituencies. Instead, they are here doing what is right and proper, and what I would have been doing if I were a Back Bencher with a seat associated with the coastguard service.

I have listened to all the points made by colleagues, but the most important representations have come from the public and, in particular, from the coastguards themselves. I have heard some disturbing comments today. I do not want to dwell on the matter for too long, but if a member of my staff—they are my staff because I am the Minister responsible for shipping and the MCA works for me—has gone out and said, "Don't worry about it; they are a bunch of whingers," I do not want to know who they told; I want to know who said it because, believe me, I will come down on them like a tonne of bricks. Hon. Members who know me will know that that is the case.

It is important that employees of the coastguard feel confident that they can make submissions. Some have put submissions in anonymously and I understand that. However, they really do not need to do it anonymously. As I have gone around the country—I shall touch on some of the meetings I have had—people have been positive.

Bill Esterson: I am glad that the Minister has said that staff do not have to worry about what happens. I know that I am not the only hon. Member to have experienced this, but I have had more than one representation from a staff member who is very worried about the possibility of—and this is the word they use—recriminations if they take part in the process. I am glad that the Minister has made it clear that that will not be tolerated.

Mike Penning: As the hon. Gentleman knows, I have been to the coastguard station at Crosby and the people there did not hold back when they spoke to me. Everybody was in the room. The staff should feel confident that if they wish to do so, they can express their views robustly. By the way, as he may have noticed, I was robust back. That sort of confidence should be out there. The coastguard community is quite small and some people do not have that confidence. If they want to submit anonymous representations, that is understandable. Those representations will be dealt with in exactly the same way as those to which people have put their name.

I shall touch on some of the points raised by hon. Members. In the short time I have, it will not be possible to answer every individual point. However, my officials are here and, if necessary, we will write to hon. Members on individual points. I have a background as a member of the armed forces and, probably more significantly, as a member of the fire service for many years, so saving lives is in my blood. There is no way that this change to the way in which the coastguard operates is going to put lives at risk—far from it. To some extent, I inherited the plans from the previous Administration. Some hon. Members were at the briefing upstairs in, I think, Committee Room 9, when the chief coastguard and chief executive were present. When the chief coastguard was appointed over two years ago, he had the proposals on his desk. At that time, I was not a Minister and this coalition Government were not in place. The hon. Member for Poplar and Limehouse (Jim Fitzpatrick), the shadow Minister, knows that the proposals were on his desk and the desks of others for four and a half years-plus.

As I have gone around the country, no one I have met who is in the know has said that there does not need to be dramatic changes to how the MRCC is run. When I was in Crosby, one very senior officer said to me, "Minister, we know it should be nine. We have been saying it should be nine stations for many years." That was said in front of the hon. Member for Sefton Central (Bill Esterson). I asked for the submission that actually said that.

I had a wonderful trip to Bangor in Northern Ireland. It was a trip down memory lane for me in many ways. There was a breath of fresh air at that and other meetings, and in some of the early submissions. I have not looked at them in detail because it is not right and proper for me to do so yet. However, if I am sat in a presentation, it is difficult not to listen to what is being said. The presentation at Bangor looked at having 10 stations—one headquarters, and of the remaining nine stations, about half would be full time and half part time.

There is an acceptance out there that the present 19 stations are an anomaly left over from previous closures. There were closures in the '80s and in early 2000 and 2001. We are left where we are now. I understand fully the passion of every hon. Member and why communities are coming together and saying, "Don't close my station. This is very important to us." We have had more than 1,200 submissions to the consultation. They fall into

three groups. One group of people are questioning my parent's parenthood or my parenthood. Some of those submissions will have to be redacted before we publish, but we will publish every one that has been received.

Some submissions are based purely on individual stations—a bit like what we have heard in the debate. People are saying, "This is our station. We think it should stay and these are the reasons why." That is fine. However, we have also had a number of submissions saying, "Let's not just look at our station; let's look at how we can have a national service." That is what I heard in Crosby, in Bangor, in Milford Haven and what I know I am going to hear in Falmouth.

I have the honour of looking after the only national emergency service, and I am very proud of its history. However, it is the only national emergency service with no national resilience. There is more resilience in all the other emergency services than the one we are talking about today. That is not acceptable in the 21st century. This is not just about resilience in computers, which we are all a bit sceptical about. I share that scepticism on computers. I was shadow Minister for three and a half years. In the great city we are in now, the ambulance service control centre just across the river looks after 10 million people. People are transferred from a 999 call to that control centre. The operators have hardly asked the caller anything before they know where they are, within reason, and they are looking to see who they can dispatch. We do not have that sort of facility in the coastguard service. That is the sort of thing we need. It is a different sort of service because of the myriad methods of contacting the coastguard emergency service. However, we must have a better, more resilient service.

Sheryll Murray: Will the Minister accept that although the kayaker or the group of young people barbecuing on a beach who need help may be identified by a passer by, there is no means of being able to identify where they are electronically? That is my concern. His system relies not only on electronic ability at the coastguard station, but on—he has just given an example of this—being able to identify where somebody is with a 999 call. People using beaches and people kayaking might not have made the call; somebody else might have done so.

Mike Penning: I take the point that my hon. Friend is making. I pay tribute to the family and personal experience of the coastguard and the sea that she has gained over many years. She understands the sea better than anyone else in this Chamber. From my emergency service background—the shadow Minister also has such a background—I know that such a situation occurs in the other emergency services. It is not a be-all and end-all. It is not a case of this being the only method of doing it. I am not saying that at all. Only the other day, I was in Shetland. The communications there go down regularly when we have to send volunteers out—whether it is the BT line, the broadband line or our own communication systems. That happens around the country. I am not saying that if a new system is brought in, it will take away any of that local knowledge. It will augment the current situation as we go forward.

May I touch on what we have today? Many hon. Members and hon. Friends have said that we could leave the service roughly where it is, but we cannot. The coastguard service is telling me that it cannot—from the most junior person on the watch through to the volunteers and the Royal National Lifeboat Institution at the top. That organisation does not want to be dragged into the politics of the matter, and I can understand why. However, to use the modern slang, it is also saying to us, "Is the service fit for purpose in the 21st century? No, it is not."

It is interesting to read about the twinning system—an issue that I raised when I was in Bangor. The arguments that were put to me in Northern Ireland on resilience, the special circumstances and how they liaise with the Republic of Ireland—particularly with regard to helicopters—were very powerful. I thank the Republic and pay tribute to it. We get helicopters for free and we help them in other parts of the coast on other matters. Of course, there is the issue of what happens if communications go down. What happens if a station goes down? Will the Clyde back us up? There is no logic to the idea that all that local knowledge is transferred instantly to the Clyde—it cannot be. I accept that, as we look at different stations around the country, but the present twinning system does not work properly. If we look at where stations are around the country at the moment, they are not set up with a proper regional structure, as we would probably expect them to be. There are some stations that are very close, and some that are very far apart. The Humber station, which was mentioned by two hon. Members, covers 300 miles of moving sands. How on earth could it transfer in a twinning system? How does that work? Where is the resilience there? We need to look at that.

We need to look, as I have said in previous debates, at a service which offers a basic starting salary of £13,500 per year. How would anybody survive on that in some parts of the country? The answer is with more than one job, just like when I was first in the fire services—I am sure that the situation is not dissimilar for firemen today. We have to offer coastguards a salary that is suitable for the 21st century and give them the skills and training, so that they can have a career progression, too. It is very much dead man's shoes, looking at the age profile. There are very young people and people coming towards the end of their careers, but the middle section is very difficult indeed.

The whole country relies on the coastguard, whether on holiday, in the shipping industry, in their community or where they work. Is this a done deal? No, it is not. Will we come out of the end of this process with a different set of conclusions and a different modernisation programme from when we started? I am sure that we will—I am convinced of it.

Mr Russell Brown: Will the Minister give way?

Mike Penning: I am not going to give way, because I am really restricted on time. I apologise. I am not summing up—I have to hand over to my hon. Friend the Member for Truro and Falmouth.

Is this just about money? Yes, there are savings required, but if this was just about money, it would not be £4.8 million a year. As hon. Members have said, it is a tiny amount of money. Will there be savings throughout the MCA? Yes, at the top and at the bottom. In my own Department, every single member of staff has had to reapply for their own job. That is the sort of situation that we are working under. Did I come into politics to

[Mike Penning]

do that? No, of course I did not, but we have to be realistic about the money and the income that we have to work with.

I welcome the Transport Committee's commitment to its own report. I welcome the fact that the Chair of that Committee, the hon. Member for Liverpool, Riverside (Mrs Ellman), has sat through the debate and been part of the debate. I say to her that I will not, under any circumstances—and neither will the Secretary of State—come to any conclusions until her Committee has reported. I promise and I make that commitment. If I can—it is difficult, because bureaucracy is involved—I will try and release to the Committee as much data that I have received, and which has been submitted to us, as I can, particularly the detailed submissions about reconfiguration. I will not release the submissions that are nasty about me, of course. If I can release that data I will do so. If I cannot do that, I might write back to those people who have made submissions and suggest that they send them to the Transport Committee. It is imperative that the Committee see that some of the submissions from the coastguard do not say, "We all should stay open; everything is perfectly fine". They actually say, as I have alluded to, nine stations or 10 stations. There are others that say there should be more or less.

I think that this is the start of something new in government. Consultation had to start somewhere. I inherited a situation; we started somewhere. We listen. We come out with a service that is fit for purpose in the 21st century. Not everybody is going to be happy, because I have got 19 stations and there is a proposal for 10 closures or nine closures. Clearly, not everybody will be happy. There is, however, a sense in the coastguard service, without any doubt if people are really honest, that we have to move on from where we are now. We have to get away from the disputes that have been going on for so many years, which are divisive, and have a service that has the resilience, the modernisation and the service to the front line, which is being left untouched and will be enhanced.

Finally, channel 16, under international regulations, will be monitored in the stations. That will not be on headphones, but over loudspeakers. I apologise to my hon. Friend the Member for South Dorset (Richard Drax). I should have come back to him on that. On that note—I am sad that I have to cut my comments short, due to procedure—I will hand over to my hon. Friend the Member for Truro and Falmouth. This is a proper consultation. No deal is done. I have visited many stations and have one more to go. I cannot visit all 19—that is not possible. If hon. Members look at the political make-up of the stations that I have visited, that has nothing to do with party politics—it is to do with my job.

5.25 pm

Sarah Newton (Truro and Falmouth) (Con): On behalf of all hon. Members who have attended this afternoon's debate, I want to thank the Minister for such a helpful response. I will not take all the credit for today's debate. I worked with a team of hon. Members, whose names are listed on the Order Paper, to secure the debate. I hope that as many hon. Members who have participated today—particularly those who did not have the opportunity to speak, or who felt under pressure and did not have the full amount of time—will join us on Tuesday to make further representations to the Backbench Business Committee to make sure that we secure more parliamentary time in the main Chamber. Today's debate has demonstrated the strength of feeling and the range of issues that still need to be explored on this UK-wide issue, which is one of the unique occasions when we can represent all the people of the UK in Parliament.

Albert Owen: Had the Minister had more time, I am sure that he would have been able to answer this point, but does the hon. Lady agree that it would be helpful to have a breakdown of incidents, so that we know what kind of incidents the MCA is dealing with? That would be an important appendix to the extended consultation.

Sarah Newton: I will pass that question straight on to the Minister to answer.

Mike Penning: I will publish all the information we have.

Sarah Newton: Like everyone else, I am reassured by what the Minister has said: saving lives is in his blood; he will now make all the information available to the Transport Committee; no decisions will be made until the Transport Committee has published its findings; and there will be plenty of opportunities between now and then for further representations by coastguards, without fear. That was a very important point. Coastguards are frightened, and I think that there are volunteers in the RNLI and other organisations who are frightened to come forward. They can do so with the absolute guarantee that they have been given by the Minister today.

Mr Russell Brown: As the Minister would not allow me to intervene, may I, through the hon. Lady, ask if the table-top exercise will be undertaken again, but in real time to give a real indication of how that might develop on the day?

Sarah Newton: I am sure that the Minister has heard that. I had better let other hon. Members intervene.

Bill Esterson: The hon. Lady congratulated our colleagues, the hon. Members for Totnes (Dr Wollaston) and for Na h-Eileanan an Iar (Mr MacNeil), whose names also appeared on the Order Paper. I want to add to those congratulations.

I wanted to pursue with the Minister the point about the transition period. Whatever the outcome, we want to ensure that safety is not compromised in that period of change. The Minister touched on that in his remarks, but I want to be confident that that point has been taken on board, and that the transfer of local knowledge, and the issues around that, are addressed strongly in whatever system we end up with.

Sarah Newton: I am sure we all agree that safety has to be the paramount consideration.

Stephen Gilbert (St Austell and Newquay) (LD): My hon. Friend is right to say that we owe it to the army of people who voluntarily protect life and limb at sea to

get this right so that people are confident about going to sea. Does she agree that that is the test on which we should judge these proposals?

Sarah Newton: That is right. As the Minister began by saying, it is the people of the country, as well as seafarers, who have to feel absolutely sure that, whatever happens when the proposals are introduced, safety is paramount. The transparent way in which all the proposals will be published and scrutinised by the Transport Committee, and the fact that hon. Members will again have the opportunity to examine and debate the proposals in the House, should give people the assurance that they desperately crave at the moment, and give the answers to the questions which remain unanswered.

Question put and agreed to.

5.29 pm

Sitting adjourned.